The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan's Adventure Creates Near War With Russia; Chaos in North China

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SATURDAY, JULY 27, 1935 VOLUME 73, NUMBER 9

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10.15 *dep.*	Ichang	*arr.* 13.15
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12.40 *dep.*	Wanhsien	*arr.* 10.50
14.30 *arr.*	Chungking	*dep.* 9.00

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10.25 *dep.*	Foochow	*arr.* 11.05
11.35 *arr.*	Amoy	*dep.* 9.55
11.55 *dep.*	Amoy	*arr.* 9.35
12.55 *arr.*	Swatow	*dep.* 8.35
13.15 *dep.*	Swatow	*arr.* 8.15
15.00 *arr.*	Canton	*dep.* 6.30

South Bound on every Tuesday and Friday.

North Bound on every Thursday and Sunday.

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FALL TIME TABLE 1935

Shanghai-Tchukuchak Line

West Bound				East Bound		
	7.00	Lv.	Shanghai	Ar. 16.20		
	8.30	Ar.	Nanking	Lv. 14.50		
	9.00	Lv.		Ar. 14.40		
	12.00	Ar.	Chengchow	Lv. 11.40		
	13.00	Lv.		Ar. 11.10		
	15.20	Ar.		Lv. 8.50		
Monday & Thursday	8.30	Lv.	Sian	Ar. 17.20	Tuesday & Saturday	
	11.30	Ar.	Lanchow	Lv. 14.20		
		Lv.		Ar.		
Temporarily Suspended		Ar.	Suchow	Lv.	Temporarily Suspended	
		Lv.		Ar.		
		Ar.	Hami	Lv.		
		Lv.		Ar.		
		Ar.	Urumtchi	Lv.		
		Lv.		Ar.		
		Ar.	Tchukuchak	Lv.		

Peiping-Canton Line

South Bound				North Bound		
	8.00	Lv.	Peiping	Ar. 15.40		
Thursday & Sunday	11.30	Ar.	Chengchow	Lv. 12.10	Wednesday & Sunday	
	12.15	Lv.		Ar. 11.25		
	14.50	Ar.		Lv. 8.50		
Friday & Monday	8.00	Lv.	Hankow	Ar. 13.20	Tuesday & Saturday	
	9.40	Lv.		Lv. 11.40		
	10 00	Lv.	Changsha	Ar. 11.20		
	13.20	Ar.	Canton	Lv. 8.00		

Lanchow-Paotow Line

North Bound				South Bound		
	12.30	Lv.	Lanchow	Ar. 13.20		
Monday & Thursday	14.30	Ar.	Ninshia	Lv. 11.20	Tuesday & Friday	
	15.00	Lv.		Ar. 10.50		
	17.20	Ar.	Paotow	Lv. 8.30		

NOTE:—1. Shanghai-Tchukuchak and Peiping-Canton lines are connected with each other at Chengchow, thus providing a most convenient route for Shanghai/Lanchow—Peiping/Canton.

2. Special flights to other places can be arranged only under special agreement.

Latest New York Stock Exchange Quotations

July 24, 1935

Stock Exchange — Business Done:-

Total Volume: 1,730,000 Shares

1934-35 High	Low	Div. $ per sh.	STOCKS	Last Sale July 22	July 23
11⅞	4⅜	—	Adams Express	7	7⅛
145	90¼	4.00	American Can	145	142½
22½	14⅝	0.40	Amer. Cyanamid "B"	21⅞	21⅝
13¾	2	—	American & For. Power	3⅞	3⅞
30	11¾	—	American & Foreign Pwr. $7 pfd.	27¼	24
17⅝	10	—	American Radiator & S.S.	16¾	17
130	99¼	9.00	American Tel. & Tel.	127¾	127¼
98½	67	5.00	American Tobacco "B"	97½	98¼
27⅝	7¼	—	American Waterworks	10⅝	10¾
17⅞	8	—	Anaconda Copper	16	16⅜
72¾	36⅝	2.00	Atchison, T. & S. Fe	54	54¾
57⅝	15	—	Auburn	22	22
34½	7⅞	—	Baltimore & Ohio	11⅞	12¼
49⅞	22½	—	Bethlehem Steel	34¾	34⅝
11¼	6⅛	—	Boeing Airplane Co.,	9½	9
44½	16¼	1.50	Borg Warner	44	43¾
18¼	9⅞	—	Canadian Pacific Railway	9⅞	10⅜
88⅜	35	—	Case, J. I.	64	64½
53¼	28	1.00	Caterpillar Tr.	53¼	53
40⅜	15⅞	1.40	Chase National Bank	29⅞	29¾
48¾	37⅛	2.80	Chesapeake & Ohio	44⅞	44½
49⅞	34	3.00	Chesapeake Corp.	43	43¾
60⅜	29¼	1.00	Chrysler	56⅞	55⅞
19¼	3¾	—	Columbia Gas & Electric	6½	7
36⅜	15¾	0.60	Coml. Solvents	22	21⅝
3¾	0⅝	—	Commonwealth & Southern (ord.)	1⅜	1¼
47⅜	16¼	1.00	Consolidated Gas of N. Y.	24¾	25
14¼	6¼	0.28	Consolidated Oil	8	7¼
23	15½	0.25	Continental Oil	20¾	20⅞
84¼	55½	3.00	Corn Products	72¼	73¼
28¾	14½	—	Douglas Aircraft	27⅜	26⅞
108	80	2.60	Du Pont de Nemours	108	106¾
23½	3¾	—	Electric Bond & Share	8	8¼
17⅝	3¼	—	Fox Film "A"	16⅝	16½
28	15⅞	0.60	General Electric	28	28
37½	28	1.80	General Foods	37	36⅝
42	24⅝	1.00	General Motors	37¾	37½
45¾	13¾	1.00	General Railway Signal	32¾	33¾
23	14½	1.20	Gold Dust	17½	16⅞
41⅜	16	—	Goodyear Tire & Rubber	19	19¾
60	33¼	1.00	Humble Oil	57	57⅞
29¼	21	0.60	International Nickel	27¾	27½
17⅜	5⅝	—	International Tel. & Tel.	9⅝	10
66⅜	39	0.25	Johns Manville	60	59⅝
23¼	14	0.60	Kennecott	19⅞	20⅜
43¾	20⅝	2.00	Loew's Inc.	41¼	41
22½	15⅜	1.20	Lorillard	22⅝	23¼
77	39	1.00	Monsanto Chemical	73¼	73⅞
35⅜	20	—	Montgomery Ward	30¼	30⅝
48	16⅜	1.00	National City Bank	27⅞	27⅞
18⅜	13	1.20	National Dairy Prods.	17⅜	17¼
31⅜	16	2.80	National Distillers	27⅛	26¾
15⅜	5	0.80	National Power & Lt.	8¼	8½
45¼	12¼	—	New York Central	18	18⅜
25¼	9¼	1.00	North American	16⅝	16¾
25¼	12⅜	1.50	Pacific Gas & Electric	23¾	23⅜
37½	19	2.40	Pacific Lighting	34¾	32⅜
6⅜	2¾	—	Packard Motors	4⅞	4⅞
79¼	51½	2.00	Penney, J.C.	79	79½
29¼	17⅛	1.80	Pennsylvania Railroad	25	25¾
22¾	13	1.60	Phillips Petroleum	20¾	20⅞
45	20⅜	2.40	Public Serv. of N.J.	36¾	35⅜
8¼	4	—	Radio Corporation	6¼	6¼
62⅜	48¼	3.00	Reynolds Tobacco "B"	53¾	53¾
38⅜	17½	—	Schenley	32⅜	31⅜
51¼	31	0.75	Sears Roebuck	50	49¾
19⅞	11	0.60	Socony-Vacuum	12¾	12⅝
22¼	10½	1.50	Southern California Edison	18⅞	18⅝
24¾	13	—	Southern Pacific	19¼	19½
25¼	13¾	1.00	Standard Brands	16¼	16¼
17	1⅜	—	Standard Gas & Electric	3¼	3¼
50⅛	35⅜	1.00	Standard Oil Co. of N. J.	46½	46¼
67	47¼	3.80	Sterling Products	66½	66⅛
43¼	29	2.00	Texas Gulf Sulphur	34	34½
8½	5	0.80	Transamerica	6⅝	6⅝
65	35⅜	1.60	Union Carbide & Carbon	65	64
139⅞	83¼	6.00	Union Pacific	107¼	108½
17⅜	2¼	—	United Aircraft (New).	17⅜	17
6½	3¾	—	United Airline Trans.	5¾	5¾
8¾	1¼	—	United Corporation	3¼	3¼
20¼	9⅜	1.60	United Gas Improvement	14⅝	14¼
66¼	40¼	2.00	Universal Leaf	61¼	60¾
64¾	32	2.00	U.S. Indus. Alcohol	46	44⅝
24	9¾	—	U. S. Rubber	12¾	13¼
59⅞	27⅞	—	U. S. Steel	40¾	41¼
21¾	11¼	—	Vanadium	15¾	15⅜
8¼	2¼	—	Warner Bros. Pictures	4½	4⅝
61¼	27⅞	—	Westinghouse Electric	61¼	61

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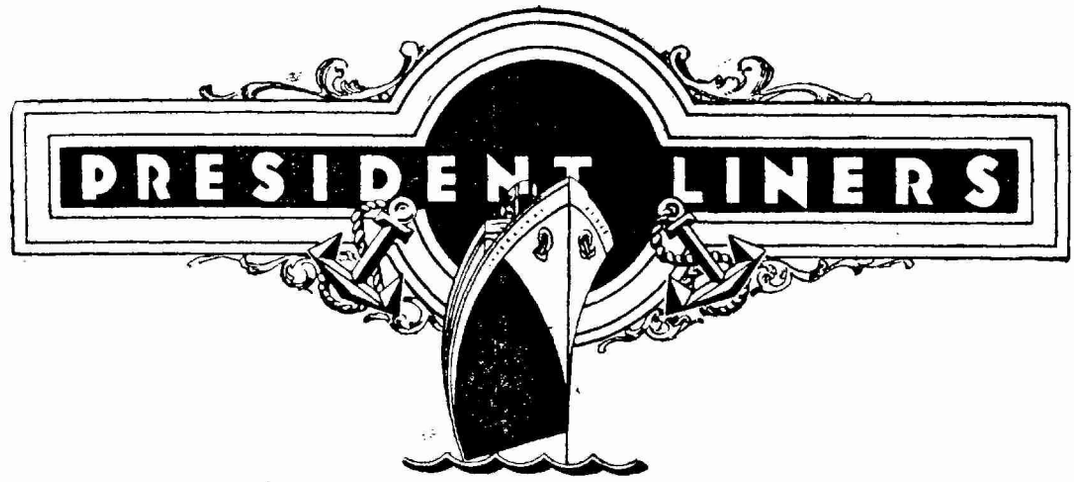

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The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

ELEMENT OF AMERICAN "PRESTIGE" IN RAVEN LIQUIDATION

THE filing of an amendment to the original bill of complaint against Frank J. Raven, alleging "wrongful and fraudulent action," in connection with the receipt of bonuses from concerns known to be insolvent indicates that the liquidation of these concerns has advanced another step. On Page 293 of this issue of *The Review* appears a further statement by F. L. Hough, liquidator appointed by the U. S. Court to unscramble the Raven mess—and a sorry mess it is proving to be as the Hough statement indicated. It appears that two of the bankrupt concerns, Raven Trust Company and American-Oriental Finance Corporation, into which the public poured millions of dollars have little or nothing to show for it. According to Mr. Hough the situation with respect to the brokerage or finance concern was "extremely bad." What became of all the money which the public handed over to the management of these concerns for safe keeping, investment, or even for speculative purposes? When a person buys a lottery ticket and the number fails to win the purchaser of the ticket has no complaint. However, he does have a right to know whether the number printed on his ticket went into the drawing. If popular report is correct we fear that many of those who put their money into these concerns, but particularly the A. O. F. C., never even had the meager chance offered by the usual lottery. Good money handed in at the office at No. 29 Nanking road with instructions for investing same in stocks and bonds or whatnot, allegedly never left Shanghai but was diverted to other uses. Hundreds of persons who thought they had their investments in sound securities now discover they had nothing except worthless pieces of paper and that their money and their securities were being used by the concern in its own speculative activities.

In the United States where such activities are not new by any means they have invented an expressive term, "bucket-shop," which is described in the dictionary as "an office for gambling in fractional lots of stocks, grain, etc., with no delivery of securities or commodities sold or purchased." Whether Mr. Raven and his associates were operating a bucket-shop at No. 29

Nanking road is not yet definitely known, but some of those who have investigated claim this was the situation. Since most of the states of the American Union have strict laws dealing with this sort of rascality, there is hope that those applicable will be invoked here. It is only in this manner that American prestige, or whatever is involved in that indefinite term, can be preserved. If there has been fraud and law violation the properly constituted American officials have no choice but to go through with it and see that punishment is meted out without fear or favor to everyone involved, high and low, directors as well as executive officers. None should be permitted to escape the consequences on the ground they "didn't know what was going on." Then after this mess has been cleaned up, steps should be taken to forever put an end to the opportunities for perpetrating similar frauds in future under the shadow and protection of the American flag in this part of the world. As Mr. Hough stated there was little about the American-Oriental Banking corporation that was *American* except the name and the fact that Raven happened to be an American citizen. But Raven did not hesitate to use the American flag and exterritorial protection for all they were worth and on one occasion at least even used the picture of President Roosevelt on his selling literature. When the American commercial treaties with China were negotiated it never was intended that their provisions should be used for covering the operations of such rackets as those in which Mr. Raven apparently was engaged in. The object of the treaties containing the exterritorial clause was to facilitate the operation of legitimate trade, meaning the sale or exchange of goods between the two countries. Therefore the American authorities should now take steps to immediately put an end to the opportunities for engaging in such enterprises as Raven and his associates were involved in. If the Americans do not take steps to clean house on this issue they may be assured of one thing: the Chinese authorities will do it for them by completely wiping out the artificial protection which the antiquated treaties provide for the operation of enterprises which would be illegal under Chinese law. Mr. Raven, always one of the staunchest defenders of exterritoriality, has apparently given the Chinese authorities the best possible argument for doing away with the system!

ANTI-FOREIGNISM PROHIBITED EDITOR'S APPEAL DENIED

GEN. Wu Teh-chen, Mayor of the Municipality of Greater Shanghai, issued an order which was posted throughout the Chapei and Nantao sections of the city on July 18, prohibiting anti-foreign agitations of any character. The following is a translation of the poster,

> "I am in receipt of Order No. 3378 issued by the Executive Yuan to the effect that in accordance with a decree issued on June 10, by the National Government, our national policy internally is to improve administration and to develop education, while externally the Government is sincere in dealing with all diplomatic controversies and in rendering assistance for the maintenance of international peace. The decree points out that the adoption of an intimate attitude towards friendly Powers is of foremost importance. Orders to this effect have been repeatedly issued. All citizens are hereby warned to be friendly towards the Powers and to refrain from boycotting or making speeches and comments which will cause ill-feeling. Furthermore, no organizations of an anti-foreign nature should be formed. Anyone found disobeying this order will be severely dealt with."

According to reports published in the Chinese and foreign newspapers on July 20 and 21 Chief Judge Yu Hua of the second branch Kiangsu High Court at Shanghai rejected the appeal of Tu Chung-yuan, editor and publisher of the *New Life Weekly*, against the sentence of fourteen months which he received as a result of the publication of the now internationally famous editorial "Gossip About Emperors." Judge Yu Hua ruled that in cases of this character no appeal could be accepted in accordance with Article 376 of the Criminal Law of Procedure. According to reports in the Chinese papers several Chinese organizations abroad, including the Chinese chamber of commerce at Manila, have wired funds here to finance a legal battle on behalf of the *New Life* editor. The Manila chamber sent $1,000, which apparently was turned over to Dr. James Wu, former Chinese Minister to Switzerland and delegate to the League, who is conducting the defense.

The Review has now been informed through Japanese sources of the general trend of the article in the *New Life* Magazine, the publication of which resulted in the editor of said journal being given a sentence of fourteen months imprisonment in the Chinese Courts of Shanghai.

> The article in a general way was to the effect that in the present stage of history emperors were more or less nominal. The article reviewed the status of kings in Europe, mentioning the various countries in which kings still survive. Taking up the Emperor of Japan the author said he was a biologist. Tradition and inheritance, the article continued, had brought him to the Throne and, in fact, he had no power at all.
>
> When an official reception of foreign prominent guests takes place, or a review of troops or any other great national ceremony occurs, then the Emperor attends. Outside of such affairs the Emperor usually takes little part in public affairs. The Emperor supports the militarist and capitalist rule of the country. However, Japan will never discard the name of "Emperor," because this contributes a great deal to the sovereignty of Japan and avoids interior class collisions. At the same time the system hides the evils committed by particular classes of people, who make use of the name of the Emperor.

The final paragraph of the article referred to the status of Henry Pu-Yi, "emperor" of the puppet state of Manchukuo as being most pitiable due to his resemblance to certain of China's past and gone rulers who had met disastrous ends.

IT may be mentioned that this matter of the status of the Emperor has been a subject of fiery discussion in Japan for the past several months, and it is somewhat strange that action should be taken against a Chinese for stating not much more than Japanese liberals themselves have frequently stated of late. It is to be noted that this article in the *New Life* Magazine was published in the May issue and was entirely overlooked by the Japanese diplomatic and consular officials here. It was, however, "picked up" by the General Staff in Tokyo, which maintains a translating bureau, particularly to watch comments in Chinese journals. The military clique in Japan saw in the article the very opportunity it was looking for, for it not only gave it an opportunity to take up a strong line in China, but it also gave it an opportunity to "put one over" on the diplomatic branch of the government, by pointing out that the latter was not watching carefully the interests of Japan in China. Following pressure from the military clique in Tokyo, Ambassador Ariyoshi and diplomatic and consular officials in Shanghai got "busy," but even at that the Japanese military clique published a long circular in which Ambassador Ariyoshi was attacked in a really vicious manner.

There seem to be two popular fallacies in connection with the *New Life* prosecution. The editor of the paper was not prosecuted under the Press Law (see summary of revisied Law in last week's issue of *The Review*, but under Arts. 309 and 311 of the Criminal Law regarding slander). Neither was the *New Life* Weekly one of the so-called "mosquito" papers against which a drive is quite rightly being conducted by both the Chinese and the Municipal authorities. These journals are called "mosquito" because they "sting," usually with more or less disguised blackmail as the motive. On the countrary, the *New Life* was a well conducted literary journal with several tens of thousands of subscribers.

Through a coincidence the particular issue of the *New Life* magazine which aroused the ire of the Tokyo general staff, contained on the front cover a picture of Gen. Wu Teh-chen, Mayor of Greater Shanghai, shaking hands with W. Cameron Forbes, head of the American Economic Mission which recently visited in China. It was rumored that this picture suggesting Sino-American cooperation, may have provided an added incentive for the Japanese desire to suppress the magazine.

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The Status of the Japanese Emperor

Opposition in many quarters in Japan to the Minobe theory is developing such grave phases that the Japanese Government is beginning to consider the advisability of issuing an official statement setting forth its attitude towards the vindication of the national polity. General Senjuro Hayashi, Minister for War, and Admiral Osumi, Minister of the Navy, have been urging the Government to take more positive measures. It is now generally believed that the official statement will be made public immediately after the return to Tokyo of Mr. Ohara, Minister of Justice, at present on an inspection tour in Hokkaido. The *Japan Chronicle* says a Seiyukai deputation visited Admiral Osumi, Minister of the Navy, at the Navy Department Discussed in Japan July 12 and exchanged views with him on the Minobe theory for two hours. Asked by the Seiyukai members to see that the Government takes measures for eradication of the Minobe theory, the Navy Minister replied that he naturally desires the elimination of a theory incompatible with the traditional spirit of the navy, and that he is, in fact, making efforts in that direction. To another question whether the Navy Minister had any intention of urging the Government to issue an official statement in this connection, Admiral Osumi replied that he believes that course to be advisable. The question is, however, how to word the official statement. A mere perfunctory pronouncement will not improve matters much. It must be such as will ensure the desired results. The Navy Minister said he believed that the Government is actually studying the publication of a statement. He said that he is most desirous of the Government taking the most effectual measures quickly.

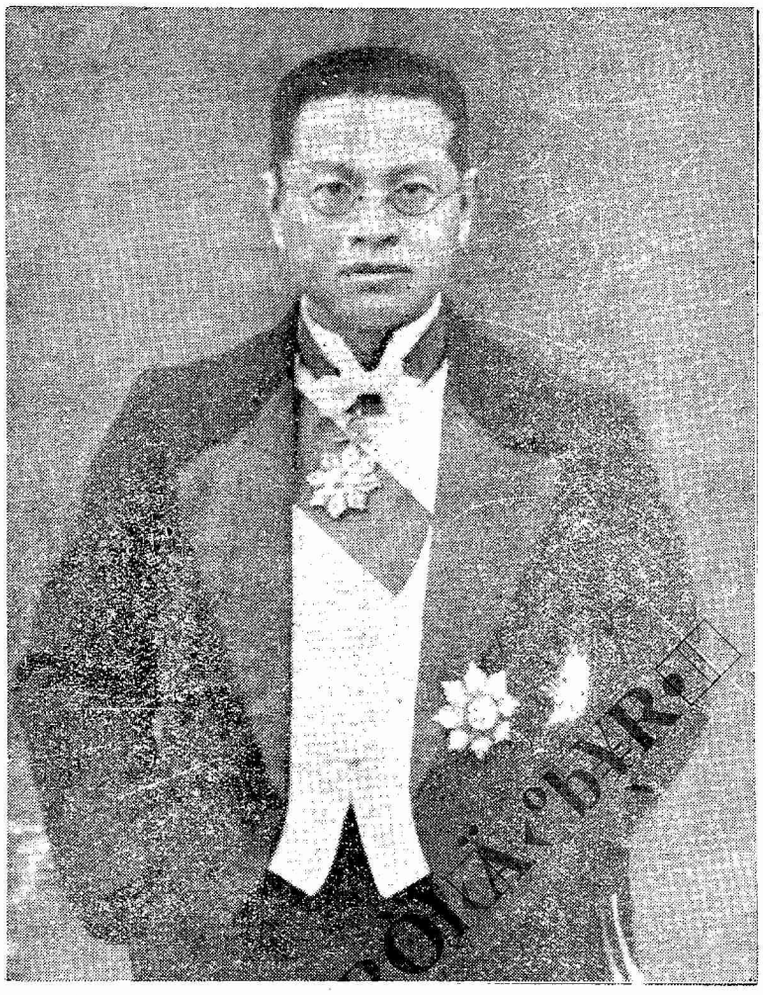
Japan's "New Deal" in North China Precipitates Most Serious Crisis With U. S. S. R.

(Special Correspondence from Peiping)

WHEN the Kwantung branch of the Imperial Japanese army initiated its most recent moves in North China it had two major objectives in view: To obtain economic advantages which Japan had failed to obtain through the occupation of the Manchurian provinces; and to make certain political and strategic arrangements in North China and Inner-Mongolia regarded as necessary by the Tokyo general staff for a war with the Soviet Union.

Due to China's inability, or at least her failure to offer resistence, the Japanese military program was completely successful, even more successful than the Japanese warlords had expected for the Japanese found it unnecessary to use any of the 10,000 and more troops they had massed at Tientsin and along the Peiping-Mukden railway. It was unnecessary for the Japanese to waste a single rifle bullet or artillery shell from the vast stocks they had been piling up in their Tientsin concession and in the Demilitarized Zone for many months because Chinese Power, as represented by the army of Gen. Yu Hsueh-chung in Hopei province, simply folded up and moved out. The Chinese troops moved out so quickly and unexpectedly that the commander of the Japanese garrison at Tientsin issued an indignant protest; he feared there would be no one left to preserve order and the Japanese might be forced to go to the expense and trouble of taking over control themselves, something they were not, and apparently still are not desirous of doing so long as certains Chinese officials are willing to assume the responsibility under Japanese instruction. A fuller discussion of the political readjustment which has taken place in North China in recent weeks will appear later on in this article, but before taking up the more significant Russian angle of the situation there was an amusing incident at Tientsin which is worth telling: The Japanese had expected Gen. Yu Hsueh-chung to put up some resistence, hence when he suddenly withdrew his troops, almost overnight, the Japanese became alarmed that

disorders might develop and the commander of the Japanese garrison issued an indignant protest and demanded that Gen. Shang Chen, the new Chinese commander, speed up his movements and take over. This Gen. Shang Chen did, but as so often happens, he overdid it and sent some troops into the Tangku area on the coast to the east of Tientsin where the Japanese were busily disembarking their army. It therefore became necessary for the Japanese to order Gen. Shang



Wang Ke-min, official of the old school, who has recently been appointed Acting chairman of the Peiping Political Council. Mr. Wang is a native of Chekiang, served as director of Chinese students in Japan and for a time was counsellor of the Chinese legation in Tokyo. He held numerous posts under the old regime in Peiping prior to the revolution and after 1911 was associated with French financial interests, later becoming finance minister in the Peking government where he served several terms between 1917 and 1924 under the Anfu administrations.

to take his troops out of Tangku—which he immediately did—but in this connection the Japanese, in accordance with their custom had to find a provocation. A Japanese officer, riding into Tientsin in a motor car at night, saw a telephone pole on fire near the road. He immediately reported the incident, and the Japanese commander issued another ultimatum, for the telephone pole allegedly was one belonging to the Japanese military communication department. Although it was pitch-dark the Japanese officer was sure he saw a Chinese soldier burning the pole; hence the ultimatum to Shang Chen to remove his troops from the Tangku area. A young Chinese businessman in Tientsin in discussing the incident laughingly suggested that the Chinese raise a fund to reward the soldier who had burned the telephone pole on the ground that he was the only military man in North China to resist the Japanese.

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Kalgan, popularly known as the gateway to Mongolia, provides the best vantage point for inspecting the complicated relations of Imperial Japan and the Soviet Union. On one side of the railway track, behind a high mudwall, sits a so-called Japanese military mission headed by Col. Gennosuki Matsui assisted by a dozen or more staff officers, most of whom speak the Russian and Mongolian languages. Almost directly opposite on the other side of the track, housed in the former residence of an American merchant, is the Soviet consulate-general headed by Michael Dementieff and his assistant M. Thikvorstoc, both also experienced in Chinese and Mongolian fronties politics. Through the gateway leading into the compound of the Japanese military mission one observes the passing in and out of innumerable individuals mostly wearing Chinese clothes who always glance furtively up and down the dusty road as they pass through the gateway. On one of the days when the writer was in Kalgan three motor trucks emerged from the gateway and headed northward across the plains toward the headquarters of Prince Teh Wang, leader of the Young Mongols. All of the trucks carried Japanese and one of them was loaded with presents for Prince Teh Wang, the presents including, according to Kalgan gossip, several cases of tinned Japanese pineapples from Formosa. None of the Japanese who roam about Chahar province and Inner-Mongolia with perfect freedom, taking pictures and making surveys of the landscape, bother about obtaining credentials or travel passes from the Chinese authorities. However, no American, Briton or other occidental can travel there without a pass and when the writer was in Kalgan none was being issued for Inner-Mongolia. A few days previously the Chinese military authorities arrested four mysterious Japanese who were roaming about Changpeh, a short distance north of Kalgan. The Japanese were detained a few hours and questioned. This led to further Japanese demands over what was termed the Changpeh "incident," the demands including the right for the Japanese to construct several aviation fields and wireless stations in Chahar and to station another military mission at Changpeh, which town, incidentally, is located on the overland motor road running to Urga, or

Ulan-Bator, capital of Outer-Mongolia. A *Reuter* report from Kalgan on July 18 stated that the first Japanese airdrome at Kalgan is already under construction. Since Urga is connected with the Soviet Union by another motor road, this means that the Kalgan-Urga highway is the only remaining direct contact between China and Russia. The Japanese are now determined to cut off this contact and while the writer was in Kalgan it was reported that the Japanese military authorities had ordered Gen. Shang Chen, the new Chinese military commander in Hopei to close up the German-Russian Vostwag trading concern at Kalgan which operated a motor transport service to Urga and did considerable trading among the Outer-Mongols.

Up to a few weeks ago the chairman of the Chahar provincial government was Gen. Sung Cheh-Yuan, who commanded some 50,000 troops in that area. Gen. Sung, former subordinate of the Christian general Feng Yu-hsiang, fought the Japanese south of the Great Wall in 1933 and again in eastern Chahar early this spring. It was claimed that his troops killed some 300 of the islanders in the last battle, which action probably had much to do with the recent Japanese demand for his resignation and the withdrawal of his troops from Chahar and eastern Inner-Mongolia. Gen. Sung at first announced his determination to remain and fight but later tendered his resignation and went to Tientsin upon receipt of instructions from Nanking. Gen. Sung's troops are now commanded by Chin Teh-chun, former civil commissioner of Chahar. At the time of the recent Peiping "uprising," one division of Gen. Sung's Chahar troops was transferred to Peiping. Previously the Japanese had declared they would not permit any of the Chahar troops to come to Peiping and would cut the railway at Nankow pass in the event the troops attempted to come to Peiping.

The Peiping-Suiyuan railway, which ascends through the Nankow pass in the Great Wall and from Kalgan extends westward for about 300 miles to western Suiyuan province, naturally occupies an important place in Japan's strategic plans for future military activities in Mongolia and further westward into Sinkiang province. About two years ago the management of the Peiping-Suiyuan line refunded some defaulted debts to a Japanese company which had been contracted in 1918-1919 by the Anfu clique at the time the so-called Nishihara loans were negotiated. Sometime after the refunding of these loans the Peiping-Suiyuan borrowed a further 3,000,000 yen from the Japanese Oriental Development corporation for improving the roadbed, this work now being in progress. The Japanese also are working in Jehol province to extend their new railway connecting the Peiping-Mukden line with Chengteh, captial of Jehol, still further westward with the object of linking up with the Peiping-Suiyuan line in the vicinity of Kalgan. When these connections are completed the Japanese will be able to move troops into Inner-Mongolia by two routes, directly from Tientsin and from Hulutao on the Gulf of Liaotung.

Chang Ke, another official of the old school who recently has returned to office in the North. He is Mayor of Tientsin and is again active in the affairs of the North. He is a native of Honan and a graduate of the law department of Tokyo Imperial University. He joined the revolutionary movement in 1911 and narrowly escaped execution by the Manchus. He held numerous positions under the republican regime but is chiefly noted for his knowledge of the border regions, Tibet, Mongolia, Altai and Sinkiang where he served in various positions. He speaks the Mongolian language.

Whether these developments constitute the actual beginning of another Russo-Japanese war cannot be forecasted at this time, but circumstantial evidence points in that direction. Japanese military domination of Chahar province and extension of the Kwantung army's influence still further westward into Suiyuan province and Inner-Mongolia will bring Japan and the Soviet Union face to face on a new front. As the situation stands today the 5,000,000 Mongols who occupy the high tablelands stretching westward from Manchukuo and northwestward from China are split into three camps. One group occupying the Barga area to the west of the Khinghan mountains in northwestern Heilungkiang province

are under Japanese control. The Inner-Mongols, led by Prince-Teh Wang are friendly to China, while those in Outer-Mongolia, the most numerous group, are subject to Soviet influence. As the Mongols are rapidly becoming racially conscious (all of them now celebrate the birthday anniversaries of Genghis Khan) they have not been slow to take advantage of the rivalries of China, Japan and the Soviets. The Inner-Mongols several months ago demanded autonomy from China and more recently, according to reports current in Kalgan, the Outer-Mongols have threatened to "go over" to Manchukuo unless the Soviets, or more particularly the Communists, discontinued their missionary activities in that area. It was alleged that large numbers of Soviet advisers have been compelled to leave the country and the Soviets, in order to prove their non-aggressive designs, withdrew all their troops excepting a small legation guard from Urga the Mongolian capital. However, the Russians have greatly augmented their garrison at Kyakhta, on the border south of Lake Baikal. The Japanese on the other hand, allege that the Soviet Union has made a large loan to the Outer-Mongolian authorities for the construction of a railway connecting the Trans-Siberian at Lake Baikal with Urga. It was claimed in Kalgan that the extension of Japanese influence into Chahar and Suiyuan and Inner-Mongolia with the inevitable intrigue of the Kwantung army among the Outer-Mongolia would inevitably force the Russians to send troops to the Outer-Mongolian border. Allegations were made that Russia would be compelled to do this because the extension of Japanese military influence to Outer-Mongolia would be followed by the establishment of a Japanese garrison and air-base at Urga and this would prove altogether too dangerous for the welfare of the Soviet Union. Japanese airplanes at Urga would be in a position to menace Soviet industrial establishments in the Baikal district and even further westward while Japanese intrigue among the Mongols and Central Asian tribes would create apprehension along the entire Russian border from Bakal to the Altai mountains. The Russians are thus faced with a predicament of utmost seriousness because they cannot permit the Japanese to extend their influence into Outer-Monoglia, regardless of consequences; hence the evidence, as stated in the foregoing, points toward an early crisis of much more serious nature even than that which accompanied the negotiations over the Chinese-Eastern railway. The Russians have frequently declared they will not surrender an inch of their territory, and while Outer-Mongolia is not Russian territory, they likewise cannot afford to permit this Mongolian "republic" to flop over to the puppet state of Manchukuo. On the other hand Japanese designs on this territory are undisguised and evidenced in a long list of border incidents, not to mention their present activities in Inner-Mongolia. Among the recent Japanese demands concerned with Chahar was the "suggestion" to Prince Teh Wang that he move his headquarters from Peilingmiao, located in Suiyuan province to Beiseimiao, located to the north of Dolonnor where Japanese influence is predominant. Due to Prince Teh Wang's influence among the Young Mongols the Japanese are anxious to get him on their side for future use among the Outer-Mongols. The Kwantung army leaders have promised not to interfere with the Mongolians from the standpoint of their tribal and religious practices and on the other hand have promised not to aggress on their grazing lands. One of the most influential "Living Buddhas," named Chagan-Gegan with headquarters at

Gen. Han Fu-chu, who still holds a key position as governor of Shantung despite numerous recent changes in North China as a result of the recent Japanese "drive." Gen. Han is a native of Hopei, began his military career as a common soldier and was advanced through the various ranks as a result of sheer ability. He was for many years chief subordinate to the Christian General Feng Yu-hsiang. He is regarded as one of the most efficient military commanders and has converted Shantung from a backward into one of the most advanced of provinces, particularly from the standpoint of the welfare of the masses of the people. He recently completed a road system of some 3,000 miles in his province opening up areas previously inaccessible. In both the provincial capital, Tsinan and in the seaport, Tsingtao, there are more children in school in proportion to the population than elsewhere in the country.

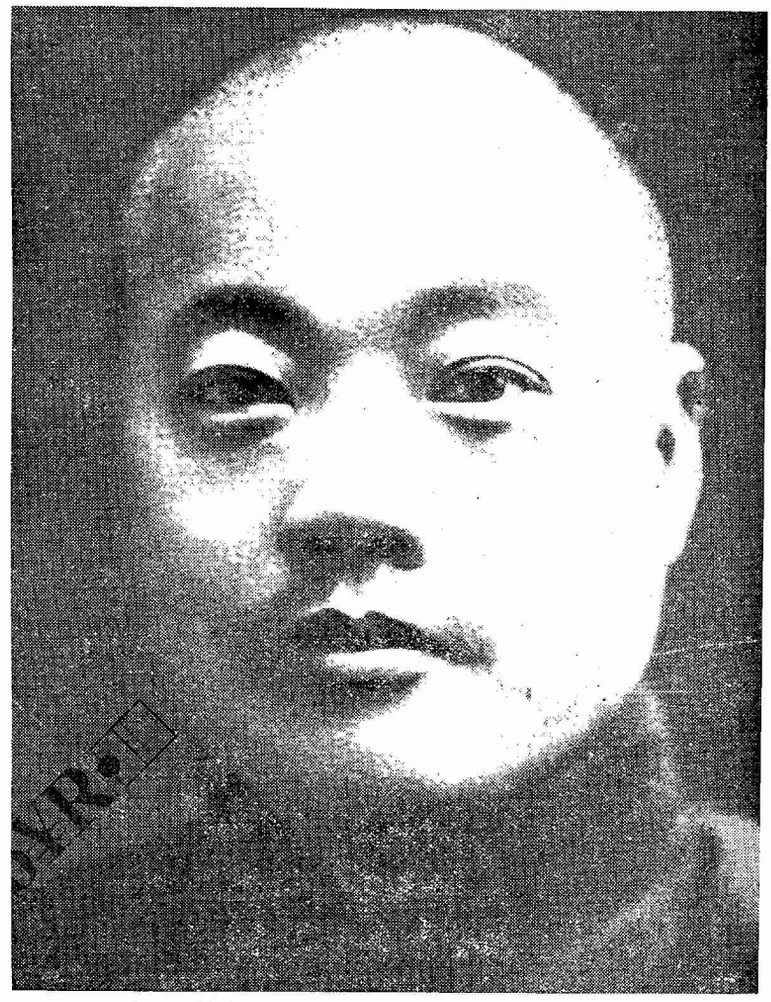
Shelin-Chegan-Obo temple, about 300 miles north of Kalgan on the Outer-Mongolian border said, "We Mongols are not yet strong enough to stand, hence we must accept the protection which offers the best treatment."

In the event war comes these high, semi-arid tablelands will provide an ideal battlefield today as they have done previously in the centuries-old struggles of Manchus, Mongols, Chinese and Russians.

Late in May a conference was inaugurated at Manchouli station at the western end of the Chinese Eastern Railway between delegates from Outer-Mongolia and Japanese - Manchukuo representatives from Changchun for the purpose of settling a clash between troops of the two countries which occurred at Lake Buyer-nor, located on the border between the puppet state and Outer-Mongolia last January. There were casualties on both sides and following abortive negotiations on the spot the Japanese retaliated by seizing the whole disputed territory. Little has appeared about this conference in either the Japanese or Russian newspapers, but it is now generally known that it has been deadlocked practially from the beginning. It was reported at Kalgan that the Japanese have demanded that a considerable portion of estern Outer-Mongolia be transferred to Chahar province and that Japan's intentions are to amalgamate all of this territory embracing most of northern Chahar with the Japanese-controlled Mongolian province in Manchukuo which has its capital at Hailar. It is here that the Japanese have been conducting a military school for Young Mongols since 1932, recruiting students from both Inner and Outer-Mongolia, many of which are used as spies throughout Mongolia.

On July 20 *Reuters* carried a report from Dairen stating that the Kwangtung army had issued an ultimatum to the Outer-Mongols demanding the right to station both Manchukuo and Japanese "resident representative" in Urga, capital of Outer-Mongolia. It was claimed that this ultimatum was accompanied by a threat that unless Outer-Mongolia complied within ten days that Japan would take military action expelling the Mongolian troops from the Tamsukusumu area. Further, it was claimed that the Japanese throughout Manchuria have become impatient at the protracted nature of the negotiations at Manchouli. In the meantime there has been a further crop of border incidents both along the Mongolian and Siberian frontiers, some of them of a serious nature, such as allegations of violation of frontiers and firings on shipping on the Amur and Ussuri rivers which usually have been accompanied by serious casualities.

Aside from the complications of the two countries growing out of Japanese activities in Manchuria and Mongolia and Japan's openly announced plans for creating a political and strategic base in North China in preparation for war with the Soviet Union, the long protracted negotiations over the control of the Kamchatka fisheries have broken down and nothing has been accomplished in the adjustment of complications over oil rights in Northern Sakhalin. All previous discussions between the diplomats of the two countries pertaining to the appointment of joint border commissions, border demilitarization suchemes and a non-aggression treaty have been discontinued because of the opposition of the Japanese military.



Gen. Sung Cheh-yuan, former chairman of the Chahar provincial government and commander of four divisions of former Kuominchun troops, most of which are still stationed in Chahar despite Japanese demands for their evacuation. Gen. Sung fought the Japanese in the vicinity of the Great Wall in 1933 and again in eastern Chahar early this year. As a result of Japanese pressure at Nanking, Gen. Sung was compelled to resign and is now residing in Tientsin.

On July 23 the Soviet *Tass* service carried a report from Moscow which stated that the Outer-Mongolian authorities had rejected the Japanese demand (ultimatum) for the stationing of Manchukuoan and Japanese military representatives in Urga (Ulan Bator) and for the construction of a military telephone and telegraph line connecting Urga with Hailar and Tsitsihar in Manchukuo. The Moscow telegram stated that the Japanese demand was contrary to the sovereignty and independence of Outer-Mongolia. The telegram stated that a representatives of the

Manchukuo foreign ministry, a Japanese named Kanki, had sent a communication to Sambu, chairman of the Mongolian delegation at the Manchouli conference demanding that Mongolia exchange representatives with Manchukuo. The Japanese also made further demands with respect to recent border incidents, declaring that Mongolia's refusal to comply would make it necessary for Japan to expel Mongolian troops from Tasykbulak and the eastern forntier entirely. The Moscow telegram declared that the Japanese demands "revealed the plans of the Japanese militarists to provoke a conflict as an excuse the seizure of Mongolian territory."

The Tokyo foreign office on July 21 denied the reports published in Shanghai and later confirmed in Moscow that Japan had delivered an ultimatum to Outer-Mongolia.

JAPAN HELPING CHINA TO RECOVER MONGOLIA?

Of considerably more significance than other Japanese declarations on the Mongolian issue was an editorial in the Japanese newspaper *Shanghai Mainichi* on July 20 which declared, "Because of the existence of Outer-Mongolia, which naturally belongs to China, the Soviet Government may more easily continue its 'vague' policy. Japanese-Soviet relations will remain in their present state until China strengthens her position in Outer-Mongolia."

In addition to assisting China in the "recovery" of Outer-Mongolia, the Japanese also announced in a Tokyo dispatch on July 22 that Japan's mission was to break down the policy of isolation which had been adopted by Outer-Mongolia. The dispatch declared that this policy of isolation was detrimental to Japan, the U.S.S.R., Manchukuo and China, hence the Tokyo foreign office insisted that its demands for the stationing of Manchukuoan and Japanese military residents in Urga was "absolutely right, and it was inevitable that the Mongolians would be forced to abandon their former position of isolation in order to further international relations".

Japan's "New Deal" Converts North China Into Political "No Man's Land"

(Special Correspondence from Peiping)

TWO developments reported in the Shanghai newspapers this week constituted the first definite evidence of future political tendencies in North China. The first was a report from Tokyo quoting two high Japanese army officers, Col. Seiichi Kita, chief of the China section of the army general staff and Lieut.-Col. Sanji Ohkido of the war office, as stating Japan's intention of treating China in future as "three separate entities," otherwise, North, Central and South. Both army officers had just returned to Tokyo from an inspection of conditions in China and had submitted reports to the war office. Based upon these reports the military department had decided to adopt three distinct policies in order to cope with the situation prevailing in the three areas. Aside from stating that China was now passing through an acute stage of instability both socially and economically, the *Rengo* report said nothing about the nature of the three policies which the war office had decided to adopt. With reference to North China it was declared that Nanking was rapidly losing its control in that region while economic reconstruction in the South was causing that region to "rise in opposition to Nanking." It also was alleged that communist influence was increasing in Szechuen with indications that "soviet" areas in various outlaying regions are expanding.

In addition to this report from Tokyo the *Shanghai Mainichi* on July 23 referred to the increasing tendency of officials of previous regimes in the North to "come out" and again become active in political affairs following several years of retirement from the political stage. Mention was made of Wang Yi-tang and Tsen Yu-tsun, previously members of the Anfu clique who had joined the political readjustment council and military commission at Peiping, and in addition two former members of the old Chihli group, Wang Keh-min and Chang Chi-tan had also joined the Peiping political readjustment council. This report concluded with the statement that all local politicians and militarists in the North were utilizing the present opportunity for consolidating their positions.

Aside from these reports indicating Japan's intention to treat North China as a separate political entity and the tendency of old officials, many of whom were previously connected with the pro-Japanese Anfu clique to become active again, the other outstanding development in the North appeared in the local Chinese newspapers in the form of reports indicating an increase in banditry in various parts of North China but particularly in the Peiping-Tientsin area. The *Shun Pao*, leading Chinese newspaper at Shanghai on July 21 and 22 published reports of ten separate "bandit" incidents in the Peiping-Tientsin area, one of them involving an attempt to hold up and rob the Peiping-Shanhaikwan express. The robbers attempted to board the train but were chased away by the reailway guard. A further report, also in the *Shun Pao* onJuly 23, stated that Gen. Shang Chen had decided to strengthen his forces due to the increase of banditry in the district between Tientsin and the coast at Tangku.

The increase in so-called "banditry" in North China, according to foreign observers, is a natural result of the recent political readjustment because the new Chinese officials who hold office only at the sufferance of the Japanese military, do not possess the confidence of the local people. The Japanese have not only succeeded in demilitarizing North China; they have also destroyed the confidence and respect of the Chinese people in their

own officials whom they realize all too well must accept their orders from alien sources. The Japanese warlords have thus succeeded in creating a sort of political no-man's land in North China which is ideal for their purposes, whether the creation of new a regime opposed to the Central Government at Nanking or outright occupation by Japanese and Manchukuo forces operating from Manchukuo. Northern Chinese politics, regardless of the loyalties or inclinations of Chinese officialdom in that region, is now dominated from Changchun, capital of Manchukuo and no Chinese official in North China dares take any action without first obtaining the views or consent of the Japanese military authorities. The future destiny of North China therefore depends upon the whims of Japanese warlords, first in Changchun and next in Tokyo; hence it is but natural that the oustanding subject of discussion in the Japanese newspapers is concerned with plans for amalgamating military, political and conomic interests of Japan, Manchukuo and North China. Japan's military and political plans in the northern Chinese provinces are being shaped from the standpoint of preparation for war with the Soviet Union, the initial objective being to extend Japanese political and military influence into Outer-Mongolia and Sinkiang province where Soviet influence is now predominant. Whether this will precipitate a war with the Soviets within the next few months cannot be forecasted because both nations are subject to political developments elsewhere in the world over which neither can exercise independent control. Considered exclusively from the standpoint of the activities of the two nations on the Manchurian and Mongolian fronts it would appear that war is not far off.

Admiral Shen Hung-lieh, commander of the Chinese naval forces at Kiaochow bay and Mayor of Tsingtao. Admiral Shen, prior to the Japanese occupation of Mukden, was commander of Marshal Chang Hsueh-liang's river fleet on the Sungari, Amur and Ussuri rivers.

Japan's desperate attempt to obtain monopolistic control over the resources of North China is also motivated to a considerable extent by the preparations for war with Russia, but of far greater importance is the urge to obtain supplies of raw materials for Japanese industrial establishments and a market for the finished products of these same industries. Japan's economic plans in North China may be summarized under the following headings:

1—Railway schemes, include the immediate construction of two new lines, one connecting the Tientsin-Pukow railway at Tsanghsien, a short distanct south of Tientsin, with Shihchiachuang on the Peiping-Hankow line, which would provide direct access to Shansi province. The other line is an extension of the Shantung railway southwestward from Tsinan, to Changte in northern Honan.

2—Coal resources of Hopei, Shansi and Chahar.

3—Development of oil fields in Shansi which previously were explored by the Standard Oil Company about 20 years ago.

4—Iron resources of northern Hopei and Chahar.

5—Textile interests at Tientsin and Tsingtao.

6—Salt fields about the Gulf of Chihli.

7—Cotton and wheat in Hopei, Shantung, Shansi and northern Honan and tobacco in Shantung and Honan.

8—Exclusive control of future development of four northern Chinese ports, Chinwangtao, Tsingtao, Taku and Tangku, the last two mentioned being the seaports of Tientsin.

How Japan would carry out these grandiose plans, involving the expanditure of vast sums of money and utilization of the services of innumerable engineers and scientists in various fields is still a matter of discussion. But primarily they are involved in an expansion of the present activities of Japanese organs already established in Manchukuo, particularly the government-controlled South Manchuria railway which has increased its trackage from some 600 miles in 1931 to more than 7,000 miles at the present time. This explains the presence in North China at the present time of numerous commissions representing various branches of the railway's activities. As an initial move the Japanese plan to take over the management of all of the existing Chinese railway north of the Yellow river somewhat as they have already done with respect to the Peiping-

Mukden line. One hears talk of the formation of Sino-Japanese corporations with capitalizations running to the billions of yen, most of the money to be supplied by bond issues floated by the S. M. R. But behind it all is the inspiration of the Kwantung army which is making a desperate and what appears to be an almost fanatical attempt to cash in on its military activities of the past four years. In other words the Japanese businessmen,

Gen. Shang Chen, appointed chairman of the Hopei provincial government following the Japanese action in ousting Gen. Yu Hsueh-chung. Gen. Shang Chen is a native of Hopei and graduate of the Peiyang military academy at Tientsin. Following the 1911 revolution he served in Yuan Shih-kai's army and since has led an active military life in various parts of the country. He joined the Nationalist movement in 1928 and was appointed head of the Hopei government, later becoming chairman of Shansi in 1931.

industrialists and financiers who have supported the army's adventures since 1931 are now being told that North China is now theirs. In this connection the Tokyo *Nichi-Nichi* reported on July 19 that Japanese military officers in Manchuria and North China would hold joint conferences monthly in future for the purpose of advising Japanese businessmen on development projects in North China and Inner-Mongolia.

In none of these schemes involving military political and ecomomic considerations are the Japanese leaders giving any thought to the welfare of the Chinese people. All are based on selfish plans for the aggrandisement of Imperial Japan; hence those Chinese who have thought that China might in some manner benefit from the expenditure of vast sums of Japanese money are due for a sad awakening. Korea provides the best example of what may be in store for North China, for while Korea has been industrialized and numerous Japanese have been enriched in the process, the Koreans have been impoverished to a point where most of the population has been reduced to the status of straw-hut dwellers on the fringes of large Chinese cities. The impoverishment of the Korean has become so complete that the Japanese have finally become alarmed at this decreased buying power and are now trying to rehabilitate him, but with questionable success. A similar process of impoverishment of the peasant population in Manchuria is also observable; hence there can be no questioning the fate of North China because similar Japanese forces are now expanding their activities in that region.

One frequently hears the expression, "Hua-Pei-Kuo," in Peiping and Tientsin, the translation of which means North China Country. What Japan would include in this new state has not yet been definitely decided, but the Japanese declare, "First Hopei, then Chahar, then Shantung, then Suiyuan and lastly Shansi." But the rest of China cannot escape the consequence because the Japanese military scheme also involves the complete reorganization of the National Government with a ready-made personnel, the names being easily obtainable from any Japanese military officer.

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FUTURE OF FOREIGN TRADE IN NORTH CHINA AREA

Most of the large British, American and other foreign firms which have operated in North China are now beginning to curtail their activities or are making plans to close up altogether. The well known British firm of Jardine, Matheson and Company which previously obtained much of its business from the British financed Peiping-Mukden railway has reduced its activities because the Japanese practically have taken over the railway. The Peiping-Mukden line as well as the other northern railways are now purchasing their equipment and obtaining their repairs from the S. M. R. shops at Dairen. Of undoubted significance is the tendency of American and British firms with headquarters in Shanghai to transfer the agencies for their products to American and British companies having their headquarters in Japan.

Japan to Deal With China As Three Distinct Areas; Hu Han-min Planning to Re-enter Politics?

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japanese Military to Form Tripartite Economic Bloc Including China.**
2. **General Chiang Kai-shek's Policy Toward Japan Said Unchanged.**
3. **General Shang Cheng Says He Is Not Pessimistic.**
4. **Bandit Situation in Demilitarized Zone Is Growing Worse.**
5. **Government Troops in Szechuan Capture Weichow From Reds.**
6. **Mystery Airplane Flies Over Loyang Toward Red Areas.**
7. **Yen Hsi-shan Tells of Horrors of Communists in Shensi.**
8. **Hu Han-min Reported Planning to Re-enter Politics.**
9. **Rumor of 40 Canton Air Officers Deserting Denied.**
10. **Mayor Wu Te-chen of Shanghai Municipality Is Not Resigning.**

Decision to maintain three distinct policies with regard to North, Central and South China was recently reached by high Japanese Army officers, *Rengo* reported on July 21. This conclusion was based on reports submitted by Colonel Seiichi Kita, chief of the China section of the Army General Staff, and Lieut-Colonel Sanji Ohkido, of the War Office, who recently returned to Japan from extensive tours of inspection in China. These reports pointed out that China was going through an acute stage of instability both socially and economically, with the Chekiang financiers, who comprise the main pillars of the Nanking Government, showing signs of weariness. Meantime, the economic reconstruction being carried on by the Southwestern faction was rapidly causing that part of the country to rise in opposition to Nanking. Nanking was also rapidly losing its control over North China. The increasing influence of the Communist forces in Szechuan, with indications that Soviet areas created in various outlying parts of the country are expending. As a consequence, three definite zones are gradually taking shape in China necessitating a reorientation of Japanese policy, the reports were said to have recommended.

JAPANESE MILITARY DECIDES ON PLANS TO FORM TRIPARTITE ECONOMIC BLOC

An understanding to seek the inclusion of Hopei, Shantung, Shansi and Suiyuan provinces into a tripartite "economic bloc," consisting of Japan, "Manchukuo" and China was reached by Japanese intelligence officers at a conference at Chengchun on July 17, according to a *Rengo* report. The parley was held at the Kwantung Army's headquarters and attended by Major-Gen. Seishiro Itagaki, assistant chief of staff of the Kwantung Army, Maj.-Gen. Kenji Doihara, director of the special service division of the Army in Mukden: Col. Seiya Giga, special service representative at Shanhaikwan: Lieut.-Col. Tadashi Hanaya, resident officer in Tsinan; Lieut.-Col. Tan Takahashi, assistant military attache stationed in Peiping and Col. Takashi Sakai, chief of staff of the Japanese forces in North China.

Under the terms of the understanding, a thorough survey of conditions in North China will first be carried out. This will be followed by consultations with Chinese officials to develop airlines and railways, after which mining and cotton raising operations ill be started on a large scale. The cooperation of the South Manchuria Railway Company and other civilian organizations will be sought to finance these undertakings.

GENERAL CHIANG KAI SHEK'S POLICY TOWARD JAPAN UNCHANGED

According to *Shanghai Mainichi*, despite the earnest advice given by General Huang Shao-hsiung, Chairman of Chekiang, and Gen. Chiang Tso-pin, the Chinese Ambassador to Japan, in regard to the restoration of Sino-Japanese relations to a normal state in accordance with the decision recently reached by the conference of the so-called 'Chijih-Pei' (the group well acquainted with Japan), Gen. Chiang Kai-shek shows no signs of altering his vague policy towards Japan. Furthermore, Gen. Chiang has been extremely dissatisfied with their proposals. Gen. Chiang's attitude is the result of his ignorance of Sino-Japanese relations, and of the assurance given him by the American Economic Mission, in connection with American assistance to China, says the Japanese paper. Therefore the Japanese are afraid that Gen. Chiang will continue to build his hopes on the support of American and European powers. It is expected that Gen. Ho Yin-chin, Gen. Chen Yi, Chairman of Fukien, Tang Yu-jen, Vice-Minister of Foreign Affairs and Gen. Chiang Tso-pin will hold another conference in Nanking. However, Gen. Chiang Tso-pin has declined to attend on the ground that a mere conference is of no use. All circles are pessimistic about the immediate normalization of Sino-Japanese relations.

SHANGHAI MAINICHI ON THE MOVEMENT FOR NATIONAL RECONSTRUCTION

Commenting on the recent inauguration of the Chinese Society of National Reconstruction, the *Shanghai Mainichi* points out that this movement is only a new form of the New Life Movement. Dwelling on the measures which have been elaborated by the Society for the reconstruction of the nation, the paper stresses the point that the organizers of the group will devote themselves to the reconstruction of North China, where, a according to the leaders, the defence against other nations should be strengthened, and fundamental relief should be carried out in the Valley of Yellow River.

"In this respect," the paper continues, "the present movement is quite different from the New Life Movement. The organizers will utilize the latent anti-Japanese feelings of the people in North China, to realize the political reconstruction of the region, by camouflaging their activities by introducing physical training, etc." Special attention should be attached to the movement, the paper urges.

JAPAN-MADE MACHINERY TO BE INTRODUCED INTO CHINA

According to a *Central News* report, plans are being made by Japanese manufacturers to introduce various kinds of Japanese-made machinery to Chinese buyers. To show their wares to the Chinese public, the Japanese Mechanical Manufacturers Association is stated to be considering plans for the holding of a large-scale exhibition of Japanese machinery in Shanghai in the near future.

HOPEI CHAIRMAN SAYS HE IS NOT PESSIMISTIC

General Shang Chen, Chairman of the Hopei Provincial Government, left Peiping for Tientsin by train on July 20 to attend to his duties as commander-in-chief of the Peace Preservation Corps for the Tientsin-Tangku area, before returning to Paoting.

Interviewed by Chinese pressmen before his departure, General Shang scouted reports in local Chinese circles that he had developed a pessimistic frame of mind and was about to resign. He said that no public servant should be pessimistic about the situation during the present national crisis, and that he would do everything possible to serve the country.

To facilitate the handling of problems arising in connection with foreign nationals, the Hopei Provincial Government has decided to establish a Bureau of Foreign Affairs in Tientsin. Liu Sui-chang, secretary-general of the Provincial Government, is understood to have been slated concurrently director of the new bureau.

The Peace Preservation Units in the Demilitarized Zone have been divided into five main Corps i.e., the 1st Corps under Chang Ching-yu, the 2nd Corps under Chang Yen-tien, the 3rd Corps under Liu Tso-chou, the 4th Corps under Chao Lai, the 5th Corps under Li Yung-shen. The entire Corps will henceforth be under the direction of Yin Ju-keng and Tao Shang-ming, Administrative Inspectors of the Chihsien-Miyun and of the Luantung Areas respectively, and will be charged with the duty of bandit suppression.

General Shang Cheng has summoned the commanders of the five Corps to Tientsin to attend a conference at which affairs concerning bandit suppression will be discussed. The conference will also be attended by the two Administrative Inspectors.

BANDIT SITUATION IN HOPEI IS GROWING WORSE

More than 400 bandits belonging to Liu Kwei-tang and Shih Yu-shan, attacked Pahsien at 10 p.m. July 17 under the leadership of Tung Tzeh. The attack was repulsed at 1 a.m. July 18, by the local militia corps under the direction of Magistrate Liu, but the invaders remained in the suburbs of the city and later sent a letter to the Magistrate, demanding that the city be handed over to them. The Pahsien authorities and public bodies have telegraphed the Hopei Provincial Government, asking for immediate assistance.

Stray bands of bandits have been appearing in the various districts of Tunghsien from time to time and the special Police Corps and Militia there have been keeping a vigilant watch. On July 19, it was reported that there were disturbances at Hotung and the local authorities immediately declared a state of emergency and started a search for suspicious persons.

More than three hundred bandits surrounded the militia at Hochiao of Nanhohsitn July 20, killed more than 10 militiamen and looted the neighboring villages. They are now retreating toward Yintai. Several hundred bandits suddenly appeared in the Tunghsien, Sanho, and Hsiatien districts, but crossed the Grand Canal in flight after being beaten by the militia there.

PEIPING-SHANHAIKWAN TRAIN ESCAPES ROBBERS

The Peiping-Shanhaikwan express train which arrived Peiping at mid-night July 21 barely escaped a daring robbtry attempt at a point to the north of Lanfang at 9 p.m. when a group of robbers attempted to board the train. The timely arrival of a detachment of railway guards stationed in the vicinity frustrated the designs of the marauders, who, after an exchange of several shots with the guards, were dispersed.

The greater part of the Japanese troops stationed at Kupeikow, a strategic Great Wall Pass, have not yet evacuated. Only two regiments there withdrew to Jehol a few days ago, according to the report by Ho Shih, Head of the Kupeikow office of the Administrative Inspectorate of the Chihsien-Miyun Area, who arrived at Tientsin July 19 to call on the local Japanese authorities in regard to the matter.

MANY JAPANESE VISIT PAOTING

A number of Japanese tourist groups have recently arrived at Paoting, the new provincial Capital of Hopei. Among those groups is one formed by members of the Manchurian Telegraph and Telephone Company which arrived there July 19 from Shihchiachuan to investigate postal and telegraphic conditions in Chahar, Suiyuan, Shansi and Hopei provinces and the details of receipts and expenditure and treatment of employees of the postal and telegraphic administration. This group has taken detailed notes and photographes for the purpose. Another group of seven Japanese pressmen went to Paoting from Tientsin and conducted investigations into the local administrative, and economic conditions.

Having completed its investigation in Peiping, the Japanese Industrial Mission to North China left there for Tientsin by train July 18.

UMETSU TO SUPERVISE TROOP MANOEUVERS IN SHANHAIKWAN

Lieut-Gen. Yoshijiro Umetsu, Commander-in-Chief of the Japanese Forces in North China, left Tientsin on July 22 for Shanhaikwan to direct the manoeuvres to be stage by the Japanese troops there. Interviewed by foreign pressmen at Tientsin, Lieut.-Gen. Umetsu said that as a result of the gradual improvement in Sino-Japanese relations, the local Japanese authorities have compelltd the "unruly elements" to leave the Japanese Concession with a view to maintaining friendly relations between the two countries.

150 of the Japanese soldiers left Tientsin July 20 with 8 cannons and 50 horses for Shanhaikwan to participate in the manoeuvres there.

The Formosan Government has decided to form a Formosan Colonial Investment Company capitalized at between 30 and 50 million dollars for the purpose of developing Japanese trade and encouraging Japanest colonization in South China and the South Sea Islands. The Governor of Formosa and the Japanese Minister of Colonits will have control over the proposed Company.

FEWER CHINESE WORKERS GOING TO KOREA

In consequence of the strict regulations governing immigration of Chinese workers into Korea promulgated last September by the Japanese Governor there, the number of Chinese workers going to Korea has greatly decreased. According to returned Chinese workers from Korea, the total decrease in the number of Chinese immigrants there during 1934 amounts to more than 6,000 and the total number of Chinese in Korea is at persent a little over 30,000.

PEIPING BAN ON CO-EDUCATION SANCTIONED BY NANKING

Li Chin-tseng, chief of the section of education attached to the Bureau of Social Welfare of the Peiping Municipal Government, declared in a press interview on July 20 that there was no truth in the report that the Ministry of Education had rejected the decision of the Bureau to ban co-education in private middle schools. Mr. Li said that the Bureau had received a telegram from the Ministry, approving of the ban in principle. He added that the Bureau was proceeding with its original plan.

August 15 will see a number of new comfortably-upholstered passenger buses running in Peiping if the Municipal Government plans materialize in time. In view of the inadequate means of inter-section communications facilities in Peiping, the Peiping Municipal Government recently decided to organize the municipal bus service to fill the gap of a long-felt public need.

A huge quantity of opium weighing 17,000 ounces which was being sent from Hsuchang under cover of ten cases of "yellow tobacco" to a shop in the Japanese Concession, was seiztd by the detectives of the Bureau of Public Safety in Tientsin July 21. The shop owner, who was to receive the contraband, has been put under arrest and brought to the Bureau together with the opium.

GOVERNMENT TROOPS CAPTURE WEICHOW FROM SZECHUAN REDS

Government troops scored an important victory over the Reds in Szechuan on July 19, when they captured Weichow. Weichow has been a difficult position to take, but its capture makes it more imperative for the communists to move Northwards, wither they are fleeing in large numbers, leaving numerous burning towns and villages in their wake. About 400 or 500 houses outside Weichow were in flames on July 19, but those inside the city, which had been occupied by the Reds, seemed to be intact.

All the villages between Mowhsien and Wanchiao were burning on July 18 as well as towns and villages east of Tumen. At Moerkai, which fell to the communist forces early last week, all the houses have been destroyed. Roads in the regions further north are all occupied by Reds moving upriver. Government planes dropped bombs on groups of communists occupying thatched houses in the mountains between Chongho and Heishuiho, while they were cooking a meal.

Interviewed on the bandit situation in Szechuan, General Liu Hsiang, Chairman of the Szechuan Provincial Government, said that the remnant Reds under Hsu Hsiang-chien as

well as outlaws entering Szechuan from Yunnan have been surrounded by the combined Central Government and Szechuan Bandit-suppression troops. Owing to the intense heat and lack of food provisions, groups of the marauders have surrendered with their weapons, general offensive against the 'Reds' will be launched in th autumn with a view to annihilating them at one blow.

Severe fighting had been proceeeding in the past few days in the mountains fringing the Sungpan Valley, where the Reds are making a desperate attempt to break through the government lines and escape to Kansu, a *Reuter* dispatch from Chengtu reported on July 21.

The blockhouses erected by the government forces in the mountains are proving an effective check to the Communist thrust. Many spectacular encounters have occurred, for example at Wusheling, where 2,000 on a mountain-top have been exchanging fire with government troops on another peak. Government 'planes are participating in the struggle whenever conditions permit.

Pressure is being applied by the government forces against the whole of the Reds' southern line. Yenmun and Tasheushan, near Weichow, Chienko, near Mowshien, and Tsikopa, south-east of Mowkung, have been recaptured from the Communists. At Chienko 500 Red laborers were taken prisoner.

A military dispatch from Mienchu, north-western Szechuan, reports the general retreat of the main forces of the "Reds" under Hsu Hsiang-chien towards the Mowhsien-Sungfan sector. Tumen, the gateway to Mowhsien, "Red" stronghold, has been occupied by a portion of the units of the 6th Route Army under Lieut.-General Wang Tsan-hsu. Attacked by the Lolo tribes-men, the mardauders at Mowkung, western Szechuan, are attempting to flee northwards to Sungfan in order to enter Kansu.

SZECHUAN TROOPS BEING REDUCED BY ONE-THIRD

Disbandment of the superfluous troops of Szechuan is progressing satisfactorily. A reduction of one-third of the numerical strength has been effected since the current month. General Liu Hsiang, Commander-in-Chief of the Szechuan Bandit-suppression Forces, in a telegram to General Chiang Kai-shek, requests that the military expenses of the Szechuan units for the current month be appropriated according to the reduced scale. Disbandment expenses are to be temporarily fixed at $1,400,000. There are 300 regiments of troops in Szechuan, two-thirds of which are under General Liu Hsiang.

According to *Shanghai Mainichi*, military training will be conducted this summer in the vicinity of the Omei mountains in Szechuan. During the months of July and August, 3,000 officers will be trained. Those who are to receive instructions have been selected from various divisions and brigades throughout the country.

MYSTERY AIRPLANES FLY OVER LOYANG TOWARD RED AREAS

A report from Loyang, Honan, states that mysterious aeroplanes have recently appeared over there on several occasions, flving in the direction of the areas occupied by the Reds. One theory, says the report, is that the planes have been sent by Communists abroad to convey ammunition and other supplies to the Chinese Reds.

NINETY RED LEADERS TAKEN PRISONER IN KIANGSI

In concerted raids carried out simultaneously in the various districts of North-eastern Kiangsi, troops of the 21st Division have taken into custody a group of more than 90 Communist leaders, including Miao Min, the wife of the notorious Red chieftain Fang Chih-min who was three months ago executed by orders of the Military authorities. Forty pistols, 29 ounces of gold, several surveying instruments were also reported to have been seized in the raids. Among the group captured were Yu Chin-teh, vice-Chairman of the Soviet Government in North-East Kiangsi, Fang Lung-man, Chief of Staff, and Hsu Chin-fa, regimental commander of the Red Army.

YEN HSI-SHAN TELLS OF COMMUNIST HORRORS IN SHENSI PROVINCE

Reporting on the communist situation in Shensi, General Yen Hsi-shan, pacification commissioner of Shansi and Suiyuan, in a speech at Taiyuan on July 22, stated that 23 districts in Shensi were now under occupation of the reds and eight of these districts had been completely "Sovietized," while more than 10 others partially "Sovietized."

The Shensi communists had been indulging in a ruthless policy of massacre, General Yen stated. At least more than 100,000 people had so far been killed and sometimes whole villages were wiped out, if any resistence was offered.

In their process of "Sovietization" of the districts they captured, General Yen further stated, the communists as a rule always first massacred all the local civil and military officials, school teachers and the local gentry. Small land owners and well-to-do farmers might be spared, if they remained passive and submissive.

As soon as they eliminated all the opposition elements, General Yen continued, the communists picked up the able-bodied youths from the poor and the rich of the population and organized them into Red Army corps. The poor men were to be organizeed as the Red Guards, while the rich ordered to cultivate the lands. The old and young of both sexes were also organized into separate corps to do miscellaneous work and to assist in the "Sovietization" of the districts.

In conclusion, General Yen said that in order to completely uproot the red menace in Shensi, it was necessary to employ 10 per cent of military power and ninety per cent of political power and to awaken the people to the dangers of communism and win them over by political means.

YOUNG MARSHAL TO REVIEW SIAN ARMY GARRISON

Marshal Chang Hsueh-liang left Hankow in the morning of July 22 by 'plane for Sian, Shensi, to inspect the troops there.

The remnant "Reds" under Liu Tzu-tan, in an attempt to invade Shihwachen and Pailangcheng in the Hengshan district, northern Shensi, have been routed by the Brigade under Major-General Kao Shwang-cheng. 500 outlaws were killed and 300 rifles seized. The remainder retreated westwards to Tungpienpao and Anpien, in the extreme north-west of Shensi.

KWANGSI TROOPS IN KWEICHOW RECALLED

The units of the 7th (Kwangsi) Army under General Liao Lei, hitherto stationed at Yushan and Tuyun, southern Kweichow, will be recalled to Kwangsi. In a telegram to General Wu Chung-hsin, Chairman of the Kweichow Provincial Government, General Pai Chung-hsi, Deputy Commander of the Kwangsi Provincial Forces, states that with the flight of the remnant "Reds" to the Szechuan-Hsikang border, there are no further traces of outlaws in Kweichow territory. The 7th Army stationed at Tushan and Tuyun, which have been assisting the Kweichow troops in the supperssion of the marauders, will therefore be withdrawn immediately to their original posts in Kwangsi in view of the conclusion of the campaign. One regiment of Kwangsi troops will, however, be detailed at the border temporarily for the maintenance of communications between the two provinces.

Reds, under the command of Chang Tin-chen, in west Fukien, are reported to be thriving. One month ago, a large number of Reds were led by Chang Tin-chen to Chao-pin, east Kwangtung, to join their comrades at Fenghwang, in order to create a new Soviet area there. According to a letter written by Chang Tin-chen to another Communist leader, the Reds are facing many difficulties in military operations and especially in financial conditions. The same letter revealed that the Communists are being subbornly resisted by local militias.

HU HAN-MIN SAID PLANNING TO RE-ENTER POLITICS

According to a special dispatch from Canton published in *The China Press* on July 19, Canton-Nanking relations have been improved by the prospective return of Hu Han-min to the Capital from Europe. It is reported in Canton that Mr. Hu is considering his return to active political life, although foreign policy is the most important point to be considered. Mr. Hu is stated to have consulted Dr. Wang Chung-hui, judge of the World Court, on the international situation and is further assisted by General Liu Wen-tao, Chinese Ambassador to Rome, who, according to a reliable report, requests Mr. Hu to return to Nanking to take up a high government post. Further improvement of Canton-

Nanking relations is seen in the official denial by the Southwest Political Council that there would be a new political movement or that high officials would resign. The denial was issued with the approval of General Chen Chi-tang.

CANTON SPOKESMAN DENIES HU'S CHANGE OF ATTITUDE

The Central Press reports that since the occurrence of the Hopei and Chahar incidents and the departure of Wang Ching-wei, President of the Executive Yuan, from Nanking because of sickness, rumors are rife in Nanking and Shanghai that Hu Han-min, the veteran Kuomintang leader, who is now in Europe for health reason, is partly in accord with the Nanking diplomatic policy, and that Wang Ching-wei will resign and Mr. Hu will return to Nanking to rejoin the Central Government. Regarding Mr. Hu's return to Nanking, a C.E.C. member in Canton said on July 11 that the rumor is absolutely groundless. According to him, many rumors have come from a certain source in Nanking with an apparent intention to achieve selfish ends, since Mr. Hu went abroad. The rumor that Mr. Hu is in accord with the Nanking diplomatic policy is one of them. Indeed, the C.E.C. member said, the so-called diplomatic policy of the Nanking Government is the policy of surrender. "How can Mr. Hu be in accord with such a policy that is opposed by the whole nation?" he added.

The C.E.C. member further said that Mr. Hu's stand would not be changed because of change of location. This is the remark he made before his departure and is still remembered by all people. It is apparent that some one in Nanking saying that Mr. Hu agrees with the Nanking policy is cheating the public.

Cooperation between Nanking and Canton is becoming more certain as the report that Hu Han-min will assume a high post in Nanking has almost been confirmed, reported *Shanghai Mainichi* July 20. Friendly talks have been carried on by Mr. Hu with Dr. Wang Chun-hwei, who endeavored to secure the cooperation between Nanking and Southwestern authorities several months ago, and General Liu Wen-tao, the Chinese Ambassador to Italy, in connection with the present situation of the world as well as of China. However, the report that relations between Nanking and Canton will be improved at the expense of several Nanking leaders, was denied by General Chen Chi-tang.

Greatly incensed by the aggression of the Japanese and their interference in the internal affairs of China, the Overseas Chinesee Association issued a telegram July 11 urging the whole nation to rise to save the country from imminent danger.

POLITICAL RESHUFFLING IN KWANGTUNG SAID NOT TRUE

In an interview with the press representatives on July 6, a member of thee standing committee of the Southwest Political Council emphatsically denied that any change of of high government officials in Kwangtung had been contemplated, saying that no resignation whatever had been received by the authorities. As the Communist bandits in the western provinces had not yet been entirely eradicated and the national situation has grown worse and worse, men of all quarters are devoting their attention to finding a practical solution of the pressing problems and a way to save the nation, the member said. He added that in Kwangtung, the officials are united in their efforts for the successful completion of the 3-Year Plan of Reconstruction, and it is not advisable to make any change of government of officials at this juncture.

RUMOR OF 40 CANTON AIR OFFICERS DESERTING DENIED

Having interviewed General Chiang Kai-shek at Chengtu on behalf of the southwest authorities, Sun Chia-che, director of the consolidated tax bureau, left the Szechuan capital on July 21 by air for Shanghai en route to Canton, according to a report in *The China Press*.

There was a rumor that Cantonese ex-officials in North China are awaiting political changes, so that they may return to secure high government posts. Their manipulation in this direction is said to have failed. Another rumor that that over 40 officers of the Canton Air Force were under surveillance for fear that they would desert is declared to be groundless. There were some activities at the Tien Ho Airdrome during the past several days, because several squadrons are preparing to take off for various parts of the province. A squadron of scouting planes left Cantton July 20 for Shaukwan, North Kwangtung, and a squadron of bombing planes left the following morning for Swatow.

Sensational reports that the aviators wanted to escape with their planes are absolutely groundless. These rumors were circulated by speculators of Hongkong banknotes, which rose to $49 local currency for $100 Hongkong money on July 21.

Training schools are to be established in Canton with a view to improving the efficiency of the police force in Kwangtung. Lin Yik-chung, Commissioner of Civil Affairs, has instructed the various district governments to send specially selected policemen to Canton for training. The training period will last six months.

GENERAL PROGRESS REPORTED IN KWANGTUNG RECONSTRUCTION PLAN

Special attention is being devoted to the production of sugar, says the Commissioner of Reconstruction in a report on the progress of the three-year plan for the reconstruction of Kwangtung. The program includes relief for industry, commerce and agriculture, and the development of the natural resources of the province.

The output of the weaving and knitting factories in the province is finding a ready market in the South Sea Islands, as well as in Kwangtung. A suplhuric acid plant, with a daily output of 15 tons, is working full blast, while paper-mills and a fertilizer factory will be put into operation as soon as the necessary machinery arrives from abroad. Private industrial enterprises, particularly silk filatures and mining companies, also have received attention, and a commission for their protection recently was appointed.

The provincial government is encouraging the construction of coal mines at Kowyatung, while the building of new highways with an aggregate length of 100,000 miles is projected. At the same time, more powerful broadcasting stations will be built and all long-distance telephone lines extended. Three more weather-stations are to be established, one at Swatow, another at Peiho; and the third at Sanya, while rainfall recording stations will be completed in the near future in various parts of the province.

Plans are afoot for the establishment of a plant in Canton for the manufacture of a substitute for gasoline, in view of the growing demand for motor-car fuel. The plant will cost about $30,000. The raw materials required in the manufacture of the new fuel are ether, which will be manufactured at the plant, and alcohol, which will be supplied by the sugar refineries at Sungtso, Szetwo and Waichow.

CANTON TO ISSUE $5,000,000 RECONSTRUCTION BONDS

The Kwangtung Provincial Government is contemplating the issue of reconstruction bonds valued at $5,000,000 in order to raise funds to finance industrialization projects. The bonds will bear interest at the rate of seven per cent. and will be secured by the profits realized by the Saichuen Cement Works. They will be redeemed within a period of five years commencing from January, 1936.

The National Government issued a Mandate on July 20 in recognition of the meritorious services of the late General Yeh Chi, Chief-of-Staff of the Kwangsi Provincial Forces, who recently died in Kwangsi as a result of a riding accident.

CHINESE SCHOOLS IN BANGKOK ARE REPORTED CLOSED

Seventy Chinese schools established by the Chinese community in Bangkek and other places in Siam have been suppressed and forced to close during the past three years, according to a report received by the Overseas Chinese Association in Shanghai from the Bangkok Chinese recently. The Sianese Government has ordered compulsory study of the Sianese language and

(*Continued on page 303*)

A.-O. Liquidator Has Only Collected $355,655 Out of Nominal Eleven Million of Assets

Frank L. Hough, liquidator of the American Oriental Bank and allied institutions, issued a statement July 20, which is printed in full below. The main points are: The Bank and allied concerns have been in an unsound condition for several years; it was not an American bank in the accepted sense of the term; F. J. Raven's statement that the failure was due to bad business conditions and America's silver purchase program is denied. A complete statement by the auditor, Henry S. DeVault, showing the "exact" condition of the four Raven concerns, is promised in about two months.

THE liquidation of the three Raven companies is proceeding under great difficulties. The present business condition in Shanghai and in the rest of China is not the great obstacle to be overcome. It is the internal conditions of the three companies and the mismanagement of the affairs for several years back.

Statements have been made to the press by those who controlled the destinies of the enterprises to the effect that the frozen assets when thawed out would be sufficient to pay the creditors a hundred per cent. Why such a statement should be made by those who should have been intimately familiar with the real condition of the three companies is hard to understand unless it was meant to ease their own position for the time being in Shanghai. Take the Bank for example. A fairly large percentage of the loans outstanding, which were carried as assets, were loans to affiliated companies, and which the officials must have known were worthless. Many loans have been carried on the books of the Bank as assets, which if ordinary business judgment had been used would have been written off several years ago as uncollectible and worthless. Many such loans had no security backing and of many of those that had, the security was worthless. To attribute the failure of the three companies to bad business conditions or the Roosevelt silver policy is stretching a point. The conditions of the three companies has been for several years unsound and we feel from what we have seen that liquidation would have been forced even if general business conditions were good.

The staff employed in the liquidation are working hard to unearth facts and figures and trace back for some years various items in an effort to uncover assets which can be turned into cash. Such work takes time and patience. I am conscious of the fact that the interested creditors and the public are anxious to know the truth, but when it is considered that it has taken some years for the three companies to work themselves into the position which caused the officials to apply for liquidation, it will be realized that the work of liquidation cannot be finished in a short space of time.

I often hear the Bank referred to as an American bank. The Bank happened to be a bank established in Shanghai by an American, but was not in any way affiliated with any bank in the United States to the extent that its opecations would have been controlled by United States banking laws. Without a doubt thousands of people entrusted their money to the Bank with this impression in their minds.

The liquidation of the Tientsin branch of the Bank is progressing rapidly under Harry A. Lucker, Assistant to the Liquidator. This branch was much smaller and from the branch's balance sheets was in better condition than the home office, with the exception of the Nichols Rug loan account of $1,000,000. The other outstanding items are being rapidly turned into cash. In fact we received in Shanghai a remittance soon after Mr. Lucker took charge of $96,000.

The Raven Trust Company will have little if anything to offer to the creditors. Considering the amount of money deposited in the Raven Trust Company by the public in the form of fixed trust certificates, the loss to the creditors will be terrific. The fact that the other companies had operated for sometime past on overdrafts in the Bank, amounting to nearly two millions of dollars, indicates that a great deal of the cash put into the Raven Trust Company and the Finance Corporation was wasted.

The Finance Corporation presents quite a problem and very little will be available for the creditors. The practice of rehypothecating customers' securities wholly owned by customers, with other banks and E. A. Pierce & Company in New York placed in the Finance Corporation as collateral against loans or margin accounts has created a situation that is extremely bad. Those who owe money to the Finance Corporation, while willing to pay upon return of the securities they have as collateral, will not do so because it is impossible for the Liquidator to gain possession of these securities, which have been re-hypothecated with other banks. In other words there is no money in the Finance Corporation for the Liquidator to use in paying off the Finance Corporation's obligations to other banks to free the Customers' securities they hold as collateral.

Henry S. De Vault, the Auditor, has his organization working in the three companies which are in liquidation as well as the Asia Realty Company. The complete statement and analysis of each one of the companies will be released within the next two months. These statements will show the exact condition of the four companies mentioned.

The following is a condensed summary prepared by Mr. De Vault of the approximate manner in which the depositors' and stockholders' monies of the Bank were invested at date of the closing of the Bank:

LOANS AND OVERDRAFTS:	
Affiliated and associated companies,	$ 1,888,000.00
Officers,	236,000.00
Automobile companies,	2,185,000.00
Rug Manufacturing companies,	1,100,000.00
Drug dealers,	341,000.00
Theatre companies,	125,000.00
Silk merchants,	650,000.00
Provision merchants, cold storage companies, etc.,	569,000.00
Sundry merchants,	558,000,00
Individuals and various	2.300,000.00
	$ 9,952,000.00
OTHER ITEMS, NET,	1,150,000.00
Total,	$11,102,000.00

Out of the above approximate total of assets of the Bank to be realized, during the period from the date of the appointment of the Liquidator, there has been realized only a sum of $ 355,655.20.

I feel sure that a review of these figures will show that business conditions locally and the Roosevelt silver policy have little if anything to do with the condition created within the three companies due to the policy of the management.

Comparing the expense of the liquidation to the normal pay-roll of the three companies when they were operating, it will be seen that expenses are being held down to a minimum, compatible with the type of work being done. The following is a schedule of the monthly expenses of the three companies, also the pay-roll of the three companies before liquidation:

DURING OPERATION:	
American Oriental Banking Corp.	$18,000.00
American Oriental Finance Corp.	10,600.00
Raven Trust Company	3,250.00
	$31,850.00
DURING LIQUIDATION:	
American Oriental Banking Corp.	$4,584.
American Oriental Finance Corp.	3,850.
Raven Trust Company	1,275.
	$9,709.

At the beginning of the Liquidator's work it was necessary to retain a number of employees of the three companies in order to facilitate the work of the auditing and securing detailed information. As the work progresses, the Liquidator's pay-roll will diminish.

Complaints of Fraudulent Deals in Securities Swamp Washington Committee

A recent *United Press* message from Washington stated that complaints against alleged fradulent security deals are pouring into the Securities and Exchange Commission at the rate of more than 1,000 a month. Many involve suspected crooked dealings of security houses. S.E.C. agents have put nearly 200 dealers out of business, indicted scores of others, and sent several to prison.

To handle the more than 10,000 complaints received since September 1, the Commission Chairman, Joseph R. Kennedy, has built up a detective force of more than 100 men. At Washington, a miniature "rogue's gallery" has been set up to keep tab on alleged security law violators and bucket shop operators.

A.-O. Liquidator Files Further Fraud Charge Against F. J. Raven

Frank L. Hough, liquidator of the American-Oriental Bank, July 23 filed an amendment in the U. S. Court for China (to the bill of complaint filed against F. J. Raven three weeks ago) alleging that the receipt of a bonus of Tls. 135,000 by Mr. Raven in January of 1932 was "wrongful and fraudulent." The amendment alleges that the bank was insolvent at the time of granting of the bonus, and further claims that Mr. Raven was receiving salary, hence his act in taking the money was fraudulent. It is declared that the former bank president drew a salary from the institution he had established amounting to $750 monthly from January 1, 1928 to December 31, 1929; that during the entire period of 1930, he drew a salary of $1,000 per month, and that toward the end of that year, he was paid a bonus of $1,800. The amendment continues that during 1931 Mr. Raven received a salary of $1,500 monthly. With the exception of listing the figures in connection with the salary said to have been paid Mr. Raven by the bank and inserting the words "wrongful and fraudulent" in regards to his acceptance of Tls. 135,000 bonus money, the A.O.B.C. bill of complaint remains in other respects substantially as originally filed.

Meanwhile the American authorities and the legal staff of the liquidator of the Raven concerns are carefully considering the steps to be taken in order that justice may be done. A special article in the *North-China Daily News* July 24 mentioned that whatever action is taken it will have to stand the test of judicial review both here and, perhaps, in America.

Banker's Association to Issue Notes to Local Concerns

The Shanghai *Shun Pao* July 23 stated that in view of the deflation affecting the local commerce and industry, the Shanghai Chinese Banker's Association has decided to issue notes to shops, firms, and factories upon security, beginning sometime in August. The Association has fixed the amount of reserve fund for such notes at between 30 and 50 million dollars, which will serve as secondary security for the notes in addition to the drawer's commodities in stock on which they are to be primarily secured. The reserve fund will be entrusted to a Committee to be elected by the Association.

T. V. Soong's Policy of Low Interest Rates Creates Sensation

The *Shanghai Mainichi* of July 23 said the policy of low rate of interest, which was initiated by T. V. Soong, Chairman of the Board of Directors of the Bank of China, has created a sensation in Shanghai. It is reported that Mr. Soong has made considerable efforts in negotiations with foreign bank here, to bring his policy to a reality. However, the rate of interest has been actually reduced only by Government banks, including the Central Bank of China, the Bank of China and the Bank of Communications. It is expected, therefore, that this policy will not influence the local currency market greatly.

The *Mainichi* added that it is expected that the head office of the Central Bank of China will be transferred to Nanking.

$20,000,000 for Industrial Relief in Shanghai

The Committee for Examination of the Commercial and Industrial Relief Loans in Shanghai July 22 passed a resolution that loans amounting to $20 millions for the relief of the commercial and industrial depression in Shanghai—$5 millions for small credit loans and $15 millions for mortgage loans—will be issued as Aug. 1.

Roosevelt Silver Policy Approved by Senators

Senator Elmer Thomas from Oklahoma July 22 sent a letter to President Roosevelt signed by 46 Senators approving the execution of the silver policy so far and asking that the Administration enthusiastically to continue carry out the program.

Japanese Bullets Fall in American Mission Compound at Yochow

Rear-Admiral Teijiro Sugisaka, commander of the Japanese Yangtze Patrol, July 22 ridiculed reports current in Shanghai missionary circles that a Japanese gunboat had intentionally fired upon the Huping Boys School near Yochow, Hunan Province, on July 16.

Unconfirmed rumors alleged that the gunboat had bombarded the school in retaliation for uncomplimentary remarks made against the Japanese at a Y.M.C.A. conference which had closed there on July 15. The Admiral said that what struck him most when he heard of the step taken by the American consul at Hankow in asking the Japanese Consul there to make inquiries was the fact that the request for information was not made until six days later. The bullets caused no damage,

Alleged Communist Gang Has Singapore Defense Map in Its Possession

Plans of the Singapore Naval Base were found in the possession of members of an alleged Chinese Communist gang seized in the Shanghai Foreign Settlement July 22 on warrants issued by the First Special District Court, on information furnished by the Bureau of Public Safety.

Altogether 24 persons were seized. Among other documents in the possession of the accused was a map showing the movements and disposition of Red Army troops in China.

Yellow River Continues to Rise---West Shantung Flooded

As a result of the arrival of the flood waters from its upper reaches in Shensi, the Yellow River in Shantung rose rapidly during the week and large volumes of water poured into the flooded districts in West Shantung from the breached dykes, particularly the fifth and sixth dykes. From West Shantung the waters streamed into the Nanyang Lake and the Weishan Lake on the Shantung-Kiangsu border and spread in Northern Kiangsu. Interviewed at Tsinan July 22 after an inspection of the breached dykes, Chao Yu-su, a technical expert attached to the Huai River Conservancy of the Department of Reconstruction of the Kiangsu Provincial Government, stated that as a result of the accumulated silt, the first and second breached dykes were now almost closed, while for similar reasons, little water was passing through the third and fourth dykes. The main body of the floods, he further stated, was pouring through the fifth and sixth dykes and sweeping away village after village before them. In his opinion, unless effective measures were immediately devised and adopted for complete repairs to these dykes, there was a grave danger of the floods breaking through the Grand Canal into the Huai River. Twenty thousand volunteer workers have been working day and night by shifts repairing the fallen sections of the old dykes along the Yellow River in the vicinity of Hsuchow. The early completion of repair work is regarded most essential as the Yellow River had threatened at one time to shift its course southward following heavy rainfalls in Western Shantung where vast tracts of land have been inundated.

Hankow Red Cross Picks 30,000 Corpses Out of Yangtsze

Although the water in the lower Yangtsze has been subsiding, its upper reaches rose at an extraordinarily rapid rate, according to a bulletin issued July 23 by the Yangtze Conservancy Commission.

The latest information received by the Chinese Foreign Famine Relief Committee tells of enormous damage done in the areas adjacent to Hankow, where 36 hsiens are affected. It is a common sight to see, floating past Hankow, corpses, coffins, trees, and wreckage with people clinging there to. The Hankow Red Cross Society has picked out of the waters 30,000 bodies—10,000 at Yanglo, below Hankow, and 20,000 at Chang Kia Kong, on the upper Han River. Seventy percent of the province of Hupeh was under water when the flood was at its height. Two hundred thousand persons are estimated as being dead as a result of the flood. The refugees are estimated at 221,000.

Singapore Chinese Send $20,000 for Flood Relief

The Overseas Affairs Commission at Nanking end of last week received $20,000 from the Chinese General Chamber of Commerce in Singapore for relief of the flood refugees along the Yellow River.

Five Million Dollars for Water-Conservancy During 24th Fiscal Year

A sum of $4,942,828 will be expended for water conservancy during the 24th fiscal year (July, 1935-June, 1936). A resolution to said effect was adopted by the second plenary meeting of the National Water Conservancy Commission, under the National Economic Council, which meet at Nanking last week.

U.S. Marine Corps Sergeant Makes Inspection of American S.V.C. Equipment

A notice was issued by the American Consulate General in Shanghai July 18 addressed to members of the American Units of the Shanghai Volunteers Corps that a physical count of ordnance and quartermasters' supplies had been ordered and that Sergeant Corcoran of the U. S. Marine Corps was commencing such inspection as from July 22. Notice was given to the Volunteer members to be on guard against any one attempting to remove any of the property from their residences.

The American units of the Shanghai Volunteer Corps use various equipment furnished by the U.S. Army, the U.S. Navy and the U.S. Marine Corps, and this inspection is made with a view to finding out whether the government's property is in safe keeping.

Let Us Organize!

BY KUO WEI-HUNG (郭維鴻)

WESTERN journalism in China is a recent thing which China has copied from the western countries, especially the United States and England. Modern journalism has been introduced from the West to China only recently. But now, in technique, treatment of news and advertising, business, etc., the Chinese press is already approaching equilibrium with the western press. The Chinese press has practically copied all these advancements from the press of the United States and England and adjusted them to its own peculiarities.

One thing is chiefly regrettable. The men of the Chinese Fourth Estate have neglected the vital point of modern journalism which is the key for making journalism a profession highly respected by men both within and without the circle. We still lack means to raise the standard of the profession of journalism.

In China so far there had been only two attempts since the establishment of the Republic to organize a national association of journalists. These two attempts both resulted in failure. Now in this vast country there are only local journalists' associations scattered in the comparatively developed and prosperous cities like Shanghai, Nanking, Peiping, Tientsin, Canton, Hankow, Tsingtao, Swatow, etc. Instead of stipulating ethics and standards of journalism they indulge in tea parties as occasions for entertainment arise. They do practically nothing else. However, recently, some of these associations begin to show what journalists can do by standing in a united front to better the profession. Last year the Shanghai Journalists Association succeeded in restoring nine out of thirteen employers discharged en bloc, with reasons unsatisfactory to the association, by the *China Times*. Recently such associations in Shanghai, Nanking, Peiping, Tientsin, and other places also succeeded in sending a joint petition to the government to influence the policy of the government in the matter of censorship. Kindred associations in other cities are also reported to have been triumphant from time to time in protesting maltreatment, on the part of migistrates or publishers, of the editorial workers. In recent years we hardly hear about the execution of journalists. Partly, if not entirely, this must be due to the activities of journalists' associations. However, the successful efforts of these associations are exerted only occasionally, as affairs arise.

Absence of Ethics and Standards

The absence of ethics and standards of journalism and absolute qualifications and treatments of journalists has shaped the Chinese journalism as it is. Except for a certain period of a few years before and after the establishment of the Republic, when many scholars and writers of fame engaged in editing revolutionary papers, the Chinese Fourth Estate has been flooded with opportunists who made journalism a stepping stone for reaching other tangible ends and down-and-outs who resorted to journalism as a last step to earn their living, while men of better calibre and morality either quit or shunned positions in the journalistic world, because that kind of position was precarious, dangerous, and despised. Journalists did not need reasonable salaries because they could get bribes and subsidies. They had to receive or seek bribes or subsidies because their salaries were not enough to maintain their bare existence.

You will commit a great blunder and injustice if you think that all reporters of the vernacular press are bad men. They are by no means absolutely worse than other Chinese in other walks of life. Their morality is not spoiled at birth. But the matter of butter and bread has driven most of them to the corner. Just imagine! A reporter receives a monthly salary of $40-50 (in Peiping) with which he has to sustain his family, educate his children, buy books to stuff his brain, make himself presentable in personal appearance! It is simply human nature for him, under such pressure, to yield to immorality, illicitness, vices, and what not.

Low salaries is not the whole story. It is a well-known fact that practically all editorial workers of the vernacular press have longer working hours than those of the English, French, German, Russian, or other foreign press in this country. Take for example, graduates of the Department of Journalism of Yenching University. They receive the same education and training. But those who work in the foreign press, not necessarily owned by foreigners, are sure to get a higher salary than those in the vernacular press. Moreover, the latter usually have longer working hours than the former. Same education, same calibre, same training, but more work and less pay! What a great injustice it is!

Whenever opportunity permits, many publishers of the vernacular press come to schools or departments of journalism to preach to the would-be journalists, saying how hard, difficult, strenuous, and what not, the job is. The conclusion of the sermon is usually that the would-be journalists must prepare to sacrifice everything (apparently even the attempt to keep a moral integrity, the maintenance of health, and the right to marry, etc.) though they do not say so, for the profession (note, neither for the publishers nor for the exploiters behind the publishers). I think the would-be journalists know already what kind of job they are going to have, and have prepared to face it boldly as far as human beings can reasonably shoulder the burden. But as men with professional training they must, on the average, have more ideals and more respect for their profession. Of course they will object to receive a low salary, hardly enough to maintain their bare existence, and hence expose themselves to the danger of non-ethical practices to get extra incomes, and are deprived of the right to marry, the right to rear and educate children, the right to enrich their knowledge, the right to make themselves presentable in society, as the profession demands!

Nothing is better than if the Chinese publishers could realize what all these things mean and automatically launch voluntary innovations in order to raise the standard of the profession. The profession of journalism in those countries like Australia, the United States, England, Austria, etc., is as secure and respectable as any other profession. However, practically the governments all over the world do not automatically make the rulings to raise the standard of the profession of journalism. Journalists' associations must drive the governments not to do otherwise.

Journalist organizations in other countries have achieved much success, notably the Institute of Journalists in Great Britain, which was established in 1890 by royal charter granted by Queen Victoria in an effort to place journalism on a professional basis similar to that of the other chartered professions such as law and medicine.

England, Scotland, Ireland, and Wales are divided into districts, each with its local association, and in each district are branches for the local communities, with office committees for every newspaper where a sufficient number of members are employed. The other association of English newspapermen and women is the National Union of Journalists, organized in 1907, by the rank and file of journalists who felt that because the Institute included newspaper publishers and other employing executives, employees of the news and editorial departments needed a separate organization. The Union is also affiliated with the Joint Industrial Council for the Printing and Newspaper Trade, the National Federation of Professional Workers, and the Trades Union Congress.

National Union of Journalists Has Unemployment Fund

Like the Institute, the National Union of Journalists has an unemployment fund, benevolent fund, and a widow's and orphans' fund, from all of which in 1932 it paid out $75,000 in benefits. About $55,000 of this amount was paid to unemployed members. The total membership is over 5,000, or two and a half times that of the Institute.

Similar attainments have been achieved in the United States, Austria, and other countries through the efforts of journalists associations in one form or other. Perhaps the men of the Chinese Fourth Estate have never dreamt of such attainments. Yet they are enjoyed already by our common fellows in the countries mentioned above! What of having those attainments for us?

Education for the profession of journalism has been conducted in China for more than fifteen years already. Yenching University has turned out 36 graduates in journalism, Fuhtan University about 33, and the University of Shanghai about 16. There must exist about 100 more from other schools in this country and a score more from abroad. To these professional newspapermen and other professional-minded journalists the writer appeals for their response to this article to take the initiative in organizing a kind of a national professional journalists association.

With at least one hundred persons to start with is not a small force, especially when these hundred persons are all professional-minded to the core. Don't worry about the small number of persons to be promoters. Think of the Sigma Delti Chi, a national professional journalists association in the United States with its character somewhere between unoinism and professional society, founded in 1909 at De Pauw University, by journalism students of the institution. It now has 8,000 members throughout the country, and has played an important role in the promotion of the standard of the profession of journalism and betterment of treatment to journalists! Can't we have such an organization? Let us organize!

Department of Journalism,
Yenching University, Peiping, July 18, 1935.

Professors from Hawaii University Oriental Institute to Visit China

Prof. Gregg M. Sinclair has been appointed director of the Oriental Institute of the University of Hawaii in Honolulu. Associated with Mr. Sinclair in the direction of the Institute will be Prof. Shae Chang Lee, chairman of the department of Oriental Studies and professor of Chinese language, literature and history in the University of Hawaii. Mr. Lee was graduated from Canton Christian college in 1911 and from Tsing Hua college in 1913. Mr. Lee recently completed a comprehensive history of Chinese civilization which will be published soon by the University of Hawaii press. Mr. Lee will serve as a visiting professor on the faculty of Lingnan University at Canton, from September to February. Later he will visit many cities of China, including Hangchow, Soochow, Nanking, Hankow, Chengtu, Peiping and Tientsin. Mr. Sinclair will spend two weeks in China in March 1936, collecting material and making contacts for the Institute.

Agriculturalization or Industrialization?

BY C. Y. W. MENG (孟 長 休)

VARIOUS solutions have been suggested for relieving the sufferings of 450,000,000 Asiatic people, who constitute one-fourth of the world population; and for improving the economic condition in this Oriental country, which has been facing a situation which in the absence of an appropriate term may well be called "economic suicide." Some believe that "agriculturalization" will save China, pointing out that China has been traditionally an agricultural country, and that about four-fifths of her populations are farmers; hence China should remain essentially an agricultural country for a considerable time to come, and the Chinese national policy should be one of the agriculturalization of the country. Others believe that "industrialization" will save China, pointing out that the Chinese industries must be developed if the economic condition of the country is to be improved. There are many arguments to support both the "pro-agriculturalization" policy for China and for the "pro-industrialization" policy of China.

However, Chinese observers, as well as China's well-wishers, mostly agree that the adoption of the policy of agriculturalization would be the best. One high adviser to the Ministry of Finance, who was appointed and sent to China by the League of Nations, in his memorandum submitted sometime ago for the consideration of high authorities, was quoted as having advised the Chinese Government that "China should remain essentially an agricultural country for some time to come." One German expert, in submitting another memorandum in his private capacity to another Ministry, was quoted as having made an elaborate "plan" for the development of Chinese agriculture—which he believed to be the "real way for the salvation of China today." Thus, we have read very often many arguments of this kind for a "pro-agriculturalization policy" for China. Let us now study some of the arguments for opposing such policy.

Agriculturalization Not Favored by Minister of Industry

In his lengthy article on: "Is it Right to Adopt the Agriculturalization of the Country?" which was published in the latest issue of the *Chinese People*, one of the leading Chinese journals in Shanghai, under the editorship of Yen Chi-kwang, Chen Kung-po, Minister of Industry, in discussing this problem, answered this question strongly in the negative. It is therefore of great interest for us to study briefly some of the Minister's arguments.

At the outset, Mr. Chen said that it is true that China is virtually facing what we call "rural bankruptcy," and that to take more remedial measures is imperative. So the Executive Yuan has formed the Rural Rehabilitation Committee. The N.E.C. (National Economic Council) has also established the Department of Agriculture, the purpose being to enable the central and local people to conduct more experiments on agriculture, and to inaugurate the "co-operative movement" throughout the country. "But", continued Mr. Chen, "to take steps to cope with rural bankruptcy is one thing, and to adopt a policy of agriculturalization of the country is another. To relieve rural bankruptcy may be a necessity for the policy of agriculturalization of the country, but to relieve the rural bankruptcy does not necessarily mean the adoption of the policy of agriculturalization of the country."

The Minister then supports his statement by drawing an analogy that at present the Government has taken steps to assist the Chinese cotton industry, mining industry and the many refugees, but this does not mean that the Government has adopted a policy of "cottonization" or "miningization" of the country.

Further, in attacking the traditional Chinese agricultural policy, Mr. Chen expressed his opinion that since China has been traditionally an agricultural country, her traditional policy has been "to pay more attention to agriculture, but less to commerce". As agricultural products constitute about 90% of her total products, and the farmers constitute about three-fourths of her population, China should have solved all such problems as the land problem, farm tax problem, conservancy problem, insect pest problem, etc. "That these problems still remain unsolved even up to to-day indicates that the Chinese traditional agricultural policy of paying more attention to agricultural work only prevents the development of commerce; it does not mean the development of agriculture itself," according to Mr. Chen. After pointing out that there are many instances in Chinese history to show that the Chinese have paid most attention to agriculture and have been negligent of commerce, and after suggesting that "we should greatly amend our traditional policy of the agriculturalization of the country," the Minister of Industry went on to discuss and point out at length the "danger" of the policy of agriculturalization of the country—which we may sum up briefly as follows:—

First, "the agriculturalization of the country will never help to improve the present unfavorable balance of trade in China", said Mr. Chen. Since the opening up of China for foreign trade, the balance of trade, with one or two exceptions, has always been "unfavorable" to China. When we talk about the economic problem of this country, we always lament the fact of "enormous imports" and "drainage" of Chinese silver; and we are always puzzled by the difficulties in trying to save the situation. But according to the Minister, it is not the "enormous imports" that should worry us, but rather the "scanty exports" that should worry us most! Mr. Chen again verifies the truth of his statement by pointing out that according to the statistics avilable for 1933, on the average each Chinese only imports foreign goods amounting to about G$0.60. When this sum is compared with $44 per capita in Great Britain, $26 in France, $9 in the U.S.A., $5.60 in Japan, the Chinese figure makes a very poor showing.

"But when we pursue the policy of the agriculturalization of the country, what will benefit us is to cease to import some of the agricultural product, such as rice, wheat, and cotton, which constitute about one-fourth of the total Chinese imports. With the exception of this, there is no other benefit to China. Even though we develop our agriculture, and when we have surplus agricultural products to be exported, we could hardly find markets abroad; for the rice production in Annam, in Siam, in the South and the wheat production in Canada, in the U.S.A., in Australia and in the West, are all obstacles to us. The consumption of Chinese cotton by the Japanese is also very limited. Thus, if we want to increase our production so as to exchange our products with what we have imported, the first step is to start to develop our light industries, aside from the development of agriculture. Besides this, there is no way out for China" said Mr. Chen.

Secondly, "the agriculturalization of the country will never work to consolidate the economic condition of the country," continued the Minister. "We feel very proud when we say that about three-fourths of the Chinese population are farmers, but we do not realize that the excessively large number of farmers we are having today has really put the economic life of the nation to death," was the opinion expressed by the Minister.

Mr. Chen then went on to explain this argument by first pointing out that the more farmers there are the less will be the acreage of land which each farmer may own. The less acreage which each farmer may own the harder it will be for the farmers to earn their living. "So unless we take steps to decrease the number of farmers, there is no hope for the increase of the production of our agricultural products," the Minister added.

Further, said Mr. Chen, when there are more farmers, but each of them owns a small acreage of land, there is physically no possibility or necessity for them to employ machines to turn out the production. But when the machines are not used, the production of agricultural products is always limited, as the production by human laborers can never compete with that by machines. This, in turn, means that the earning capacity and the purchasing power of the farmers are all small and limited. They are even unable to buy artificial fertilizers and other necessities. "So no economic development is possible", said the Minister of Industry.

Agricultural Countries Are the "Colonies" of the Powers!

Mr. Chen further exemplified his statement by producing a table showing that those countries where the population consists for the greater part of farmers are now the "colonies" of the powers. The following table will show the percentage of the farming people in comparison with the total population of the country:—

Countries	% *of Farmers*	*Countries*	% *of Farmers*
U.S.A.	22.	Canada	31.1
Belgium	19.1	Italy	46.3
Farnce	38.3	Bulgaria	81.
England	6.	India	67.1
Mexico	67.8	Germany	30.5
Finland	63.4	Denmark	30.5
Egypt	67.0	Holland	20.6
Switzerland	21.3	Japan	50.3
Spain	56.1	Poland	75.9
Hungary	54.0		

"From the above," said Mr. Chen, "it will be seen that these countries where the farmers do not constitute more than 55% of the total population are 'rich and powerful, countries, and these countries where the farmers constitute more than 55% are 'poor and weak' countries. Egypt, India, which have the largest number of farmers, are now 'colonies' of the big powers!"

Thirdly, "the agriculuturalization of the country will not tend to consolidate the political condition in the country," continued Mr. Chen. He supported his argument by pointing out that Chinese history is full of instances where it has been the revolts of the farmers that brought about the downfall of the dynasty. According to Mr. Chen, this has been because the farmers constitute too large a portion of the population, and that

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the Chinese population has not been fairly distributed among different classes.

"With three-fourths of the people poverty-stricken, and because they have not a single cash to invest in the national resconstruction which needs their participation, there is physically no possibility of consolidating and improving the economic and political condition in the country. When they are so poor, and when they cannot buy fertilizers and implements, they just abandon their fields, with the national economy in bad shape, and there is no way to seek political tranquilty." According to the opinion of Mr. Chen, this is responsible for the rapid increase in acerage of uncultivated land since 1915.

The able Minister of Industry conclude by saying that "the only way out for China is not only merely to take steps to relieve the rural bankruptcy, but also to take steps to decrease the size of the farming population.

The Abandonment of the Agricultural Policy

From the above discussion we may get some idea about the tendency of the economic policy which the Chinese will pursue hereafter. It is, apparently, a policy of "intensive industrialization of the country," but not to the negligence of the development of agriculture at the same time, for the Chinese have realized well that Chinese agriculture should be developed in order to supply the Chinese with rice, wheat and cotton—which now constitute one-fourth of the total imports. That is what Mr. Chen called "a policy of self-supply and self-suffiency"—a policy strongly advocated by the Minister Chen, as this writer pointed out some time ago.

Secondly, it is now clear and sure that China is going to abandon her traditional agricultural policy of "paying more attention to agriculture to the neglect of commerce," and has definitely embarked on a policy of industrialization, in very much the same way as to discard the traditional Chinese political system (monarchy) and to adopt the constitutional form of government. The rise of democracy in China constitutes a marvel in the 20th century. So also will be the rise of an "Industrialized China!"

Nanking, July 18, 1935.

Russian-Born Scientist Sent to Mongolia by U.S. Secretary of Agriculture

The *China Press* July 19 printed correspondence from Peiping giving details of the scientific exploration which Professor Nicholas Roerich and his son George, are making into Inner Mongolia. Professor Roerich is the founder of the famous Roerich Museum in New York City, and though 61 years old, is hale and hearty. His son was a former Czarist officer. Early this year the two men were dispatched by U. S. Secretary of Agriculture Wallace to search for drought-resisting plants and grasses. They arrived in Japan in May and proceeded to Manchukuo. Later complications developed and the expedition was forced by the Kwantung Army to leave Manchuria. It was charged that the expedition was concerned with White Russian politics. The Roerichs then came to North China and purchased complete equipment, including trucks, motorcars, and tents with money supplied by Secretary Wallace. The Roerichs applied to the 15th United States Army Infantry in Tientsin for 12 army rifles and revolvers and a considerable amount of ammunition. The officers refused to hand over the equipment and did so only when they received orders from the U.S. War Department in Washington. The Roerichs then proceeded to employ a guard of White Russian Cossacks, formerly on the staff of Ataman Semenoff, once a leader of the White Forces who fought Soviet troops. They were armed with the equipment obtained from the U.S. Infantry in Tientsin and set out for Kalgan. From Kalgan they went to Pankiang, Suiyuan, headquarters of Prince Teh. Allegedly incurring the emnity of Prince Teh, they were forced to leave and travelled to "Duke" Larson's headquarters nearby. (Larson is a Swedish-American ex-missionary, now a famous horsetrader, and one of the most picturesque characters in Mongolia for the past 30 years.) They left Larson and headed for Pailingmiao and the last reports received here place them almost at the city. Some accounts stated that Prof. Roerich is travelling on a French passport. As against this it is stated that he has taken out his first papers to secure American citizenship.

Vocational Education Association Meets for 15th Annual Conference at Tsingtao

The 15th annual conference of the Chinese Association of Vocational Education and the 13th annual conference for the discussion of problems of vocational education were opened in Tsingtao, July 19, at the Tsingtao Municipal Girls' School, with an attendance of over 200 persons. Following the opening remarks by Dr. C. T. Wang, formerly minister of Foreign Affairs, reports were submitteed by Messrs. Kiang Heng-yuan and Lei Fa-chang. Addresses were also delivered by Messrs. Chu Min-i, Secretary-General of the Executive Yuan, Ku Shu-shen, Director of the Department of Elementary and Secondary Education of the Ministry of Education, Ho Ssu-yuan, Provincial Commissioner of Education for Shantung, and Admiral Shen Hung-lieh.

Reorganization of Tangpus—A Necessity

BY PAUL K. WHANG (汪仲韋)

THE KUOMINTANG, once the eloquent mouth of the Party Government, the driving force of the revolutionary spirit and the leading light of the mass movements, has lost its eloquence, its vitality and its brilliance in face of Japanese aggressions. Paradoxical indeed it is that the Party, which has had as one of its avowed purposes, fighting a bitter battle against foreign imperialism, has been subdued by Japanese imperialism, the worst of its kind; and that the erstwhile ferocious lion has been transformed into a meek lamb as if by the touch of a Japanese magic wand. In Hopei and Chahar, the Tangpus, or branches of the Kuomintang, have to make their hasty and ignominious exit, when their presence can no longer be countenanced by the Japanese warlords; while in Shanghai, their activities have also drawn fire from the Japanese, who, on the pretext of the recent *New Life Weekly* incident, have exerted such a strong pressure upon the local Tangpus, that some scapegoats have to be found among the members of the local censorship bureau as a means to please the Japanese. In view of the hostile Japanese attitude towards the Kuomintang and their readiness to find fault with its activities, one can not help wondering what will become of it one year from now.

Tangpus Not Popular with Chinese

That the Tangpus have not been popular with the Chinese themselves can not be gainsaid. Their palpable decline in power and possible lapsing into lethargy—which would otherwise be greeted by many of our own people—have now been lamented, not because of their usefulness, but because of the Japanese intervention. The very fact that the Japanese have frowned on the activities of the Tangpus has removed our previous prejudice against them and made us believe that they are not altogether superfluous and decorative organs, and that they, if properly manned and directed, can serve the same useful purpose to our country as the Fascisti to Italy and the Nazis to Germany. As a matter of fact, the Chinese people with their limited political knowledge, in comparison with the Italians and Germans, stand in more need of direction and supervision of their political activities by some properly constituted government organs. With this in view, we are inclined to believe that the Japanese proverbial enmity against the Tangpus is not so much because of their alleged anti-Japanese activities as because of their potentiality to become a multitude of effective nuclei, which, just as those of the Fascisti and the Nazis, may be instrumental in changing China's destiny.

As a result of the recent happenings in North China and Shanghai, the Tangpus, the thorns in the Japanese sides, have once again become the center of our attention. Interest has been very much aroused in reviewing their past activities, in tracing the cause of their failure in discharging their important mission, and in finding out the remedy by which they can be salvaged and reconstructed. It is the writer's belief that in discussing these matters, we must be frank and open to call black black and white white without mincing our words, so that the cause of their failure can be clearly revealed and the remedy, therefore can be properly prescribed. If anything said in this article should be found objectionable to any of the Party members, it is not because of the writer's wilful intention to say something disparaging of the Tangpus, but because of his enthusiasm in laying stress upon the need of their reorganization.

Personnel Not Popular

The reason why the Tangpus have not been popular with the people lies not in the system itself, but in the personnel. The difficulty with the Kuomintang in organizing efficient branches throughout the country seven or eight years ago arose out of the rapid success of the Nationalist movement. From the start of the Northern Expeditionary March to the hoisting of "Blue-Sky-White-Sun" flag in Manchuria, the whole thing was accomplished within the unbelievable short period of little more than two years. This sweeping and rapid success caught the Kuomintang unprepared for handling the gigantic task in setting up a multitude of Tangpus in the areas under the control of the National Government. This situation called for a huge number of directive agents and assistants for the Tangpus. But qualified and competent directive agents can not be made in one day, and so the Kuomintang had no alternative but to enlist the services of half-educated youths from the schools without a "scrutiny of qualifications".

The main function of a Tangpu is said to be to exercise power of supervision over the local political administration on behalf of the people during the political tutelage period. The result of investing this high power of supervision on the half-educated and inexperienced youths can be easily surmised. It is true that these unsophiscated youths, being less conservative and more susceptible to new teachings and principles, could be developed and trained into efficient faithful Party workers after a long period of preparation, but to give power to the untrained youths is just the same so to give fire to the children to play with. The upshot of this policy has not only spoiled the career of the youths, but brought the otherwise wholesome system into disrepute. The situation would not be so bad, if the Headquarters of the Kuomintang could exercise a rigid and close conttol over the doings of the local Tangpus; but this central control has been next to impossible, when the Tangpus have been scattered all over the country and have been more or less isolated from each other by the lack of good transportation facilities.

These incompetent and unqualified youths thus elevated have soon become a menace to the country. In the name of the Party they have hampered the political activities of the magistrates on all sides, posed as judges in labor disputes and charged any one who dared to object to their rulings as a counter-revolutionary. It soon transpired that they worked not for the Party and the country but for themselves, and used the Tangpus as a means to an end. Many unscrupulous ones, in taking advantage of their all-powerful situation, have enriched themselves by indulging in fraudulent and corrupt practises. In case of labor disputes, which were frequent in the past few years, they, acting as mediators, have been apt to fish in troubled waters.

People Everywhere Have Murmured

All these happenings have been watched with apprehension and despair by our people, who, both rich and poor, have turned their back on the Tangpus. The rich people can not, of course, look upon this situation with favor, when they have been stigmatized as capitalists and, as such, they have become the object of condemnation. The poor people, who have expected to receive some benefits from the new order of things, have likewise been disappointed, when many Tangpu directive agents, while condemning the capitalists, have not yet learned to despise the value of money. Thus the people everywhere have murmured, if not openly, their dissatisfaction against the Tangpus, and the conservative ones have even asserted that the evils of the old militarism could not be any worse.

This deplorable state of affairs has been known to many of our political leaders including Gen. Chiang Kai-shek himself. Therefore Gen. Chiang, in his speeches before the Party workers, has frequently reminded them of their failure to discharge their mission. It is possibly due to his frequent warnings that the Tangpus nowadays have become more rational and conciliatory in their attitude. It is possibly also due to the fact that after many years of costly experimentation, the directive agents and assistants of the Tangpus have lost their youthful fiery temper and acquired more political experience as their age comes to maturiety. But with their limited educational background and political experience, they must be further under training before they can become qualified and competent directive agents and assistants of the Tangpus.

As I said before, the cause of unpopularity of the Tangpus lies not in the system but in the personnel. With our past sad experience, I strongly believe that the Party workers prior to their appointment should be subject to a long course of training, so that they can acquaint themselves with the nature of their important work and become efficient hands in furthering the cause of the Party. If it is not contrary to the Party principles, I would also suggest that henceforth the Tangpus should refrain from political activities and devote their whole time and effort to the work of mass movements. The present mass education movement, for instance, is a gigantic task, which should be taken energetically by the Party workers. If the Tangpus can push this movement to a successful conclusion their efforts will not only wipe out their past belmishes, but also win them a new confidence and prestige from the people.

The time for reorganization of Tangpus is long overdue. It is our hope that the Party leaders will immediately institute measures of reformation, before they are too late for salvaging purpose. The present Japanese actions against the Tangpus will prove a blessing in disguise, if they can seize the present opportunity to reform themselves and take on a new lease of life after reorganization.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52	FOR SHANGHAI	14.42	FOR PUKOW	20.11		3.32	16.39	,,	Tang-shan - -	,,	FROM SHANGHAI	4.15	10.30	12.50	16.37	2.58	FROM PUKOW	
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

Franco-Chinese Convention on Indo-China Is Published—Chief Points Summarized

The following are the chief points in the Convention regulating relations between China and France concerning French Indo-China and adjoining Chinese provinces, and in the Notes exchanged between the two Governments—which were simultaneously published in Nanking and Paris July 21.

The city of Lungchou of Kwangsi and those of Szemao, Hokou and Mengtze of Yunnan shall remain open to the trade across the land frontier of China and French Indo-China.

The Chinese Government may send consuls to Hanoi or Haiphong and to Saigon, cities of French Indo-China, and the French Government may continue to send consuls to the localities mentioned in the preceding Article.

Chinese nationals entering the territory of French Indo-China and French nationals of Indo-China entering the territory of China must be provided with passports issued by the competent authorities of their country of origin.

The nationals of China in French Indo-China and the French nationals in the above-mentioned Chinese localities shall have the right to reside, travel and engage in industry or commerce. The nationals of China in French Indo-China and the French nationals in the above specified Chinese localities shall not be subjected to taxes, imposts or contributions higher or other than those to which nationals of the most favored nation may be subjected.

Chinese goods exported from any Chinese port and transported without transshipment or with a through bill of lading to the Provinces of Yunnan, Kwangsi or Kwangtung and using the territory of Tonking, shall enjoy preferential treatment and shall not be subjected to the transit duty of the general tariff. They will only pay a duty of 1% advalorem.

Likewise, Chinese goods exported from the Provinces of Yunnan, Kwangsi and Kwangtung to any authorized destination and using the territory of Tonking shall enjoy a preferential treatment and shall not be subjected to the transit duty of the general tariff.

Minerals of any kinds, raw tin, and raw hides, shall be exempted from all duties. War materials, arms and ammunition which the National Government may desire to transport in transit over the territory of Tonking shall be exempt from all duties.

Indo-Chinese vessels, excepting warships and vessels for the transportation of troops, arms and ammunition, may ply between Lang Son and Caobang by way of the rivers Long Ki Kong and Long Ban Giang which connect Lang Son with Lungchou and Caobang. Such vessels and the goods transported on them in transit shall be exempted from the payment of any duties for their entry in China.

The Chinese Government in the Provinces of Yunnan, Kwangsi and Kwangtung and the French Government on the territory of French Indo-China shall not levy under any pretext whatsoever upon goods respectively imported or exported by French or Chinese nationals excise duties or other internal taxes or higher than those which are paid by their own nationals or by nationals of any other Power.

[The signing of this convention was the first official recognition by China of the suzerainty of France over the territory now known as French Indo-China. The French secured possession of the territory as the result of wars waged against local viceroys or "kings" from 1862 to 1883. The treaties with France were signed by the local officials.—[Ed. *C.W.R.*]

Shanghai Foreign Trade Shows Adverse Balance for June

Shanghai's foreign trade during June resulted in an adverse balance of $30,042,275 with imports valued at $50,851,932 and exports at $20,809,657, bringing the import excess during the first half of 1935 to $183,707,205, according to monthly trade returns issued by the Customs authorities last week. Cereals and flour led among the list of imports from abroad into Shanghai with a total value of $9,455,990. No less than 704,674 quintals, of wheat and 619,080 quintals of rice and paddy were imported during during the month. For the six month period the cereal and flour imports were valued at $64,675,519.

Lancashire Trade Difficulties With China Discussed at Manchester Meeting

Sir Frederick Leith-Ross, chief economic adviser to the British Government, who is coming to China shortly, was among those present at the conference at the Board of Trade in London July 16 between high officials of the department and a deputation from the Manchester Chamber of Commerce representing the textile, chemical and engineering trades. An official statement, issued afterwards, declared that the members of the deputation gave a full expose of the difficulties confronting Lancashire trade with China and offered their viewpoints.

Wild Cat Gold Bar Exchanges in Shanghai

SHANGHAI is the largest gambling center in the Orient, and the Shanghai Gold Bar Exchange is the largest gambling den in Shanghai. Situated in Kiukiang Road, which is sometimes called the "Wall Street" of Shanghai, where many foreign banking institutions are located, the Shanghai Gold Bar Exchange attracts the attention of speculators from all parts of China. The price fluctuates violently, as much as fifty dollars per bar, during a day's business hours, from 9 to 4 p.m. The more the price fluctuates, the more the speculator takes advantage of it, and hence more "business" is done. A speculator may lose or make a fortune in a few days. Speculators may be persons of large fortunes or may be persons of small means. One can speculate in bars with seven as a minimum and the amount of margin required is $200 when the transaction is completed in the same day; but if the speculator wishes to maintain his position over night, he must pay $300 deposit. A small speculator usually plays seven bars, and he may win or lose a couple hundred dollars in a short time. Some speculators play as many as several thousand bars and may lose or win a million dollars in a few days.

Recently scores of wild cat gold bar exchanges have sprung up like mushrooms in various parts of Shanghai, particularly around Szechuen and Kiangse Roads, extending from Canton to Range Roads. Some of these exchanges are called "gold bar companies" with large signboards outside their premises, while the others are called "foreign firms" or simply "firms". The latter do not want signboards explaining their insidious activities because the wish to avoid the public suspicion of their illegal practice. Most of these wild cat exchanges are established by brokers belonging to the Gold Bar Exchange, Kiukiang Road, with Russians or other nationals as their partners in order to influence the foreign population to participate in the business. A month ago a Chinese daily in Shanghai reported that there were in existence about a hundred such wild cat exchanges in this locality, but upon an extensive investigation into the situation, we find they are at present only about 25 in number. However new ones are being established one after another. These exchanges or dens are established without any initial capital, and receive margin deposits from speculators who can not, as a rule, take out their deposits until the following day after the business transaction has been completed.

The amount of deposit required for speculating with one bar is ten dollars when the transaction is completed in the same day, and the amount is increased to $30 per bar when it is left overnight or sometimes $50 per bar when the price fluctuates violently. A speculator who deposits only $10 must not have any position overnight, and should he fail to quit at the closing quotation in the same day, he is cut out and is given back whatever is left. Some of these dens charge their clients 20 cents per bar as commission, if the number is not more than two, and 60 cents per bar if a speculator sells more than three bars at the same quotation; others charge 20 cents per bar, irrespective of the number, and still others charge 60 cents per bar without any exception. Every one of these dens gets direct messages for every quotation from the Gold Bar Exchange, Kiukiang Road, and these quotations are written down on a blackboard. The speculator may buy or sell according to the latest quotation just written down. As far as the speculation in this way is concerned, there is absolutely no cheating. It is a direct gambling between the den and the speculator, whereas in the Gold Bar Exchange, Kiukiang Road, the gambling is between speculators with brokers as middlemen. Small speculators go to these dens—where they can speculate on a limited scale, and need not assume a great risk.

The public is disastrously affected by the multiplicity of these wild-cat dens. Speculators of small means, women, and even girls, crowd into these "opportunity-seeking centers" with the hope of winning a small fortune to recompense them for time and energy wasted. They sit in a fashionable couch, waiting for an opportune time to meet a stroke of luck. Tea, towels, and various other comforts are provided free of charge, and the amateur speculators may spend a whole day in a small room instead doing some constructive work for society. Ordinary persons find it hard to patronize regular gambling dens without a guide, and even then they may not know how to gamble, but the wild cat exchange is easily accessible, being located in the business section of the city. Speculators don't have to know anything more than buy or sell, which is a most simple thing to do. Thousands of amateur speculators have financially ruined themselves since the inception of these wild cat dens only a few months ago and this kind of speculative fervor, unless it is stopped immediately, will lead along the path of financial suicide to society. This speculative fervor has sprung up similar to that of betting on dog racing a few years ago, when the vice was because so widespread and contagious that finally the high authorities stepped in and closed down all the dog racing establishments. Two weeks ago complaints against these newly created speculative establishments were filed at the Bureau of the Social Affairs of Greater Shanghai Municipality, and unless the authorities of the two Municipalities take up this matter immediately, more complaints and agitations against these illegal gambling dens will undoubtedly assume a more drastic form and a stronger tone than before.

B. Y.

Overland from Shanghai to Canton in Six Days by Train and Bus

The building of motor roads through the province of Kiangsi makes it possible for travellers to make the journey from Shanghai to Canton by rail and by motor in six days although the average traveller will probably take the trip more leisurely. Edward H. Lockwood of the Y.M.C.A. Associations of Canton (son of W. W. Lockwood of Shanghai) relates how recently a party of which he was a member. They took a morning train from Shanghai to Hangchow and then a slow train from Hangchow to Yushan. At Hangchow they spent an afternoon looking about said charming city built along the sides of the West Lake.

The countryside between Hangchow and Yushan is worth seeing. On both sides of the track during the month of June there are fields full of growing rice standing with its vivid green. From Hangchow to Canton the railroad and the bus roads follow rather closely the old trade route which used to run from central to south China. Mr. Lockwood says the way in which the officials of Kwangsi run their public buses deserves praise. For the first two days the party travelled in buses with cushions. During the second two days they rode on boards. For three days the buses were heavy Diamond T. cars. It was only on the last day of motor riding that they used light buses of the Ford variety. There is no overcrowding. The ride from Yushan to Nanchang took from seven in the morning to nine at night, the longest of any of the four days of bus riding. A stop was made overnight at Nanchang.

The next three days of travel were not so long as the first. The party they would start about seven-thirty and end the journey by the middle of the afternoon. But it was necessary each morning to be on hand when the ticket office opened at six-thirty to make sure that a ticket could be purchased. From Nanchang to the foot of Muiling Pass the party was in the valley of the Kan river, a distance of 300 miles. It is a fertile valley with rice field in all directions.

The last and fourth day of bus riding was from Kanchow to Siukwan. Mr. Lockwood says: "I wanted to know when we passed the Muiling pass but we went through it so quickly that I did not know until after we were on the southern side of the Pass that we had been through it. On the last day we had to make two bus changes. When we got to Nanhung we found gambling houses and 'opium suppression' shops, which assured us that we were once more back in Kwangtung Province. They do not have these in Kiangsi. But this was the depressing part of the return to the province. In spite of opium and gambling I was glad to be back among people whose language I could speak and whose ways I understand. For no people are known to me as the Cantonese are and no other people of China have the hold on my affections that the Cantonese have. For me they are the best people in China."

The last stretch of road, from Namhung to Siu Kwan, was the best of all the stretches of road over which the party passed. At Siu Kwan they found a clean hotel and were honored by a call from Judge Lo Po Wing who invited them to have breakfast in his home before taking the train which got them into Canton in the afternoon.

Foreign Ministry Says Missionaries in Interior Not Subject to New Restrictions

In reply to an inquiry, the Ministry of Foreign Affairs issued an announcement July 21 that foreign missionaries in the interior of China are not subject to any restrictions other than those provided in the provisional regulations governing the lease of land or buildings by foreign missions.

Apart from the provisional regulations in question, there exist no other specific regulations or measures imposing restrictions upon foreign missionaries in the interior, the ministry says.

As to the question whether a foreign missionary station in one district may establish branches in other districts and whether such branches should be required to apply to the local authorities for registration, the ministry states that there has been no precedent against the establishment of branches by missionary stations, though, in their own interest, it would be advisable for them to communicate with the local authorities beforehand so that due and adequate protection may be accorded.

The ministry adds that due attention should be given to any request for protection made by foreign missionaries.

The inquiry was made by the Ministry of Interior pursuant to a petition from the district authorities of Kwangwu Hsien, in Honan province. The reply of the Foreign Ministry is understood to have already been transmitted to the Honan provincial government for the guidance of the district authorities concerned.

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Shanghai Extra-Settlement Road Dispute Nears Solution

The question of the extra-Settlement roads, which has been under dispute for several years, may be satisfactorily solved within this month or at the beginning of next month at the latest, according to Chien Fu, writing in the Shanghai *Chen Pao*. The Shanghai City Government has requested the National Government for instructions regarding the general terms of an agreement relating to the extra-Settlement roads. As soon as this agreement has been approved, the agreement will be signed.

On January 4, 1935, the Shanghai City Government and the Shanghai Western District Power Company signed an agreement for the supply of electricity to the extra-Settlement roads area in the Western District.

The principles on which discussions of the extra-Settlement roads question have been made during the past years may be summarized as follows:—

1.—The extra-Settlement roads in the International Settlement of Shanghai are to be entirely restored to the control of the Chinese Government, that is to say, the Chinese Government will recover its sovereign rights over these roads.

2.—Upon the restoration of the extra-Settlement roads, a Special Police Force will be established with the approval of the two parties to handle all traffic and police affairs in the extra-Settlement roads area.

3.—All revenues collected in the extra-Settlement roads area will be used to cover the expenses of the Special Police Force and for the repairs of roads in the area. The Shanghai City Government and the S. M. C. will undertake joint control of these revenues. When funds are insufficient, the two areas will be jointly responsible.

The following are the important points touching on Police authority in the extra-Settlement roads area:—

1.—Organization of a Police Force.

2.—The right to supervise the Police Force and to make appointments to the Force.

3. The appointment of a Commissioner and Deputy Commissioners for the Police Force.

4.—The recruiting of policemen.

5.—The authority of the Commissioner and of the Deputy Commissioners.

It is learned that according to the stipulations contained in the general principles of the agreement to be drafted, the Bureau of Public Safety will establish a Police Force in the extra-Settlement roads area with a Commissioner, a Deputy Commissioner and a Reserve Deputy Commissioner (a Japanese) to deal with all police affairs in the area. The Police Force will have a certain number of Inspectors and Constables. All police and traffic affairs in the extra-Settlement roads area will be under the control of the Commissioner and the Deputy Commissioners.

All cases in which Chinese residents are involved and occurring in the area, will be dealt with by the Commissioner, while the Deputy Commissioners will deal with cases in which foreigners are involved. Cases wherein Chinese and foreigners are involved will be handled jointly by the Commissioner and the Deputy Commissioners. If the Commissioner and the Deputy Commissioners cannot settle a case, the two parties will refer the case to their respective senior authorities to be dealt with. The views of the Japanese will also be given consideration.

Special Commission to Investigate Filipino-U. S. Trade Relations

Francis B. Sayre, son-in-law of former President Woodrow Wilson and chairman of the Inter-Departmental Committee on the Philippines, announced in Washington, July 20, that his committee was sending experts to Manila early in August for the purpose of studying trade relations between the Philippines and the United States. The announcement was made through the Department of State.

Mr. Sayre said that the move conforms to the President's program for the study of trade relations. Experts who have been designated by the committee are: Dr. Ben B. Dorfman and Dr. Frank A. Waring, senior economic analysts of the United States Tariff Commission and J. Bartlett Richards, United States trade commissioner at Manila. Dr. Dorfman is widely experienced in Oriental trade conditions, having been attached to the Lytton commission in Manchuria.

Riots Continue in Belfast, Following Battle of Boyne Celebration

Further troubles occurred in Belfast July 19, where the disorders first broke out a week previously during the celebration of the Battle of Boyne. Barricades were erected so as to prevent the spreading of the disturbances to the western part of the city of Belfast.

Can Chinese Industry Save Itself?

BY EDGAR SNOW

(Reprinted from the New York Sun)

A NATION-WIDE "buy-Chinese" campaign is somewhat desperately being fostered by the Kuomintang, as well as principal business guilds and banking associations of China in an effort to save Chinese industries from collapse during the critical years of 1935-6.

This is not the first time the government has attempted to promote native industries by appealing to patriotism. The Nationalists, by whose revolution the present government came into power, have always advocated building up a strong Chinese industrial life, based on the patronage and support of the native market, using coercion where possible. These plans have, however, met constant reverses even since 1927. The outlook generally in Chinese industry today, more so than in agrarian life, is worse than at any time in recent history.

A myriad of internal economic, political and military disturbances prevented any sizeable development of native industry up till 1931. With the outlook good during the first half of that year, the Japanese invasion of Manchuria, and subsequently of Shanghai, Jchol and North China, kept capitalist industrial growth at a standstill. In the case of Shanghai many important Chinese factories were destroyed, and have not yet been rebuilt. Unhurt Japanese and British factories have expanded and seized a great part of the market.

At present the heavily under-capitalized native industries all over China are facing the most severe of many crises. Only artificially-stimulated purchases in the native market can, indeed, save many from bankruptcy. This applies especially in the Chinese cotton yarn and cotton piece goods industry, other miscellaneous textiles, silk weaving, flour milling, tobacco, paper, prepared food products, rubber products and wearing apparel.

The manufactures listed, and others connected with ligh industries, are now gravely menaced by cheaper foreign goods, while the hope of developing a native heavy industry has, with a few minor exceptions, been definitely abandoned since the loss of Manchuria. To maintain the chief light industries during the present year will require all the ingenuity Chinese business men possess. Deflation of the Chinese dollar, directly traceable to America's silver-purchasing policy, has eliminated export possibilities in many fields, where competing products of foreign countries, notably Japan, are favored with a lower currency. Lack of capitalization, export taxes, excessive governmental and military interference, antiquated methods and machinery combine to reduce Chinese export hopes to a minimum. Hence all efforts are being concentrtted on the home market.

Growing Inability of Banks to Meet Credit Needs

During 1934 the outflow of over $400,000,000 worth of silver from China (including the amounts smuggled), severely shook the whole currency position of the country. This in turn to some extent destroyed confidence in the banks and aggravates an already widespread business depression. There is a growing inability of banks to meet credit needs, and dozens of smaller institutions have gone under, while even such a large house as the Bank of China was saved from difficulties only by what amounted to complete government control. Floating of urgently needed loans to cover deficits in bank-financed industries thus becomes growingly mpossible. With the further rise of silver, and consequent conitracting of Chinese capital, an unprecedented crisis for next fall is predicted by candid financial experts.

In 1934 China's foreign trade decreased 23% on imports and 12% on exports, as compared with 1933. There was an unfavorable trade balance of nearly 500 million dollars, or roughly 50%. Official customs figures did not, in fact, fully reflect the seriousness of this unfavorable balance. It is estimated that well over $150,000,000 worth of foreign goods, mostly Japanese, were smuggled into China through "gaps" in the Great Wall, and at smuggling bases along the China coast. Another "invisible" item of decline was in remittances by overseas Chinese. These are said normally to total around $400,000,000 annually. The Bank of China estimates they dropped at least to $250,000,000 during 1934. Add the fact that the government is spending abour $112,000,000 annually, on foreign loan services, that there was a "flight of capital" exceeding $194,000,000 during 1934 and it becomes clear that China's unfavorable balance in international payments is very grave.

Beyond question Chinese capital is far insufficient for credit and finance facilities urgently needed in industrial and rural construction and rehabilitation. Moreover, due to its political impotence, in the face of Japanese opposition the government cannot raise protective tariffs against principal competitors of Chinese native industry—notably the Japanese. In the face of Chinese manufacturers' petitions for a high protective tariff against foreign piece goods, for instance, Nanking last year had to yield to Japanese demands for a lowering of such tariffs as exist.

Perilously near bankruptcy itself, the government is unable to reduce the high sales tax, known as the "consolidated tax," which hangs on the necks of native manufacturers. Likewise, although anxious to stimulate exports, Nanking thus far has declined to forego the interport revenues that tend to stifle trade. Worse still are the "export taxes" now levied—which are almost unique in a world where other governments are doing everything possible to move their manufactures into foreign markets. During 1934 these "export taxes" amounted to $24,000,000. Instead of getting a bonus for exports in the form of rebates, as happens to manufacturers in Italy, Germany, Japan, and elsewhere, an average of 4.5% *penalty* was placed on Chinese merchants who sold goods abroad!

Under such handicaps in the past, Chinese manufacturers have welcomed the foreign boycott, when that was employed as a distress measure by the governing and capitalist class to save itself in China. If Chinese political control was too weak to protect infant industries from foreign "dumping," if Chinese banks were too feeble to assume responsibility for the country's economic development in competition with foreign finance capital, then at least the power of the mass will of 400 million Chinese could be invoked. And many times was invoked. But China has now been forced to abandon even this primitive method of "protection". Nanking has kept its promise to Japan. Boycott activity has been faithfully suppressed.

What remains to be tried? Pessimists say nothing. Government officials profess to believe, however, that a self-imposed discipline rooted in national patriotism, can still save Chinese industry. People must buy Chinese goods, it is argued, even at a financial sacrifice to themselves. That is the spirit which the new "People's Economic Reconstruction Movement," recently launched by Generalissimo Chiang Kai-shek, aims to promote among the masses.

During April meetings were called in most cities for the purpose of actively promoting the "buy-Chinese" campaign. Native-goods exhibits have been held in many cities. A north China exposition attracted thousands of visitors to the former Imperial Palace here, where tons of goods were displayed. Another exposition opened at Shanghai. At the same city a huge mass meeting of all students in government schools was called for the purpose of explaining the "people's economic reconstruction." All present took the following oath:

> "I solemnly and earnestly declare that I shall begin with myself to persuade my family and society to use national products. In the event I fail to use a national product when a national product is obtainable, I shall be willing to receive the strictest and severest punishment from my fellow compatriots."

What form the "severest punishment" will take for students is not known. In the case of teachers and professors who wear clothes made from foreign materials, they will be liable to dismissal. It is planned to extend the oath of "goods allegiance" among the student body throughout China. Pledges to use only Chinese-made goods are of course expected from all soldiers, officials, Kuomintang members, and from Boy Scouts, women's associations, and other civic organizations. These "enlightened" groups are supposed to educate all classes of the urban and rural population on the importance of using only Celestial cloth and other articles.

Such methods of stimulating buying have, however, very definite limitations. Most Chinese necessarily purchase entirely on a price basis, and here few native products can complete with the foreign article—usually better in quality, also. The price margin is decisive for the average impoverished Chinese and the ingredient of patriotism cannot enter into it at all. It is generally a question of buying Japanese—or not buying!

Moreover, the Japanese are already beginning to protest that the "buy-Chinese" campaign is only a camouflaged anti-Japanese boycott. It may be safely predicted that if it achieves any degree of success, at the expense of Japanese imports, thunder from the friendly islanders will demand at end to it. For the peace which Nanking wants with Japan must be dearly bought. Nothing less than unrestricted exploitation of the China market for her manufactured goods, and equally unrestricted exploitation of Chinese raw materials, is likely to keep the busy Nipponese in permanent good humor.

Peiping, June 6, 1935.

Sixteen Persons, Mostly Muslims, Shot Dead by British Troops in Lahore

Sixteen persons were killed and 74 injured in Lahore, India, when a detachment of troops from the Royal Scots fired on a crowd of 2,000 religion-maddened Muslims, July 20 and 21. Fifty policeman, five of whom were British, were injured in the clashes. The Muslims, who had camped in the streets throughout the night in defiance of a curfew order, attempted, to reach the Shahidguna mosque and attacked police cordons which barred the progress of their processions. Additional British troops were called out July 21, in view of the continued seriousness of the disorders. Armored cars are patrolling the streets, while troops have been posted at strategic positions throughout the city. *Reuter's* messages reiterated that the Muslims are maddened by religious fervor following weeks of dissension with Sikhs over the demolition by the latter of an old mosque.

JAPAN TO DEAL WITH CHINA AS THREE DISTINCT AREAS; HU HAN-MIN PLANNING TO RE-ENTER POLITICS?

(*Continued from page 292*)

use of school textbooks written in Siamese, while the study of Chinese is now limited to a few hours a week. More than 10,000 were turned away from the different schools following their closure, the report stated.

In accordance with Article III of the Sino-French Convention concerning French Indo-China which has just been published, the Ministry of Foreign Affairs has decided to establish consulates at Saigon, Hanoi and Haiphong in French Indo-China.

Strict immigration laws are being enforced against the entry into Burma of Chinese laborers and unmarried Chinese women according to reports received in Shanghai by the Overseas Chinese Association.

CHINESE TEA SUFFERS FROM COMPETITION IN JAVA

As a result of competition from the native and the Formosan teas, the Chinese tea trade in Java has recently been so affected that it may eventually be compelled to give up the insular market, according to the statement of a Chinese tea exporter in Shanghai. The importation of Chinese tea into Java and Madura as indicated by recent statistics of the Dutch authorities there, amounts to 83,580 kilograms, whereas the Formosan tea amounts to as much as 1,449,051 kilograms. Under the encouragement of the Japanese authorities, the Formosan tea industry has been steadily developed and improving its production so that when it is shipped to the South Seas its actual cost is only about 20 Yen per picul while the Chinese tea can not be sold lower than $40 because of high cost of production, freight charges, and exchange rate.

CONDITION OF WANG CHING-WEI SLIGHTLY IMPROVED

Dr. Chu Ming-yi, secretary-general of the Executive Yuan, who accompanied President Wang Ching-wei to Tsingtao from Shanghai by airplane last week, returned to Nanking on July 22 by train from Tsinan, Shantung. Shortly after arrival, Dr. Chu attended the memorial service meeting at the Executive Yuan and made a report on the condition of President Wang since his arrival at Tsingtao. Although there was a slight improvement in his condition, Dr. Chu said, President wang would have to take four or more weeks for treatment and recuperation before he could fully recover.

RUMOR OF RESIGNATION OF MAYOR WU TE-CHEN DENIED

The rumor that Mayor Wu Te-chen of Greater Shanghai may resign was emphatically denied by O. K. Yui, secretary-general of the City Government of Greater Shanghai in an interview July 23.

The attitude of the Mayor, Mr. Yui explained, has been unchanged. The Mayor is going ahead with his usual vigor in his work in connection with reconstruction and social uplift of the Municipality of Greater Shanghai, which, Mr. Yui stated, is sufficient indication that no resignation has been contemplated.

The rumor which has been circulating in Shanghai recently alleges that Mayor Wu may be transferred to Hupeh to become chairman of that province, while General Chiang Tso-pin, Chinese ambassador to Japan now on leave in China, will be appointed Mayor of Greater Shanghai. General Chang Chun, present chairman of Hupeh, will become Ambassador to Japan.

Mayor Wu Te-chen of Shanghai conferred with Hsu Mo, Political Vice-Minister of Foreign Affairs, on July 17 on the question of the extra-Settlement roads in Shanghai. It is understood that an agreement will be definitely concluded with the authorities of the International Settlement shortly.

CHIAO YI-TANG NAMED SUPREME COURT PRESIDENT

Chiao-tang, member of the Legislative Yuan and Chairman of the law condification committee of the same yuan, was appointed on July 17 by the Central Political Council as president of the Supreme Court.

"A sick spell taught me *how* to keep well"
"I HAD been going along... healthy enough, I thought, until I had a severe illness. It kept me in bed for weeks. When the doctor finally brought it under control I was 20 pounds lighter—I felt miserable, exhausted—thought I was due for months of convalescing.
"FOR my first real food the doctor ordered Quaker Oats. It certainly tasted good. He said it was very easy to digest yet was a wonderful health builder. That proved to be true. Before long I began to feel stronger—my colour returned—I was surprised at the change it made in me.
"I'M UP and going again now. Never felt better in my life. I have more vigour, more energy than ever. Quaker Oats built me up and now I depend on it to keep me strong and healthy. I won't be caught run-down again—I eat Quaker Oats every day."

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LOOK FOR THE QUAKER FIGURE FOR GENUINE

Quaker Oats

D-9

Japanese Railways' Sectional Chief Arrested in Cement Scandal

THE climax of the so-called Japanese "cement scandal" was reached July 17 when Mr. Yamaoka, chief of the Health Section of the Railways Department, was arrested. The previous night, Procurator Hirata of the Osaka Procurators' Office, which has been active in the present graft case, accompanied by three detectives, went up to Tokyo. With the aid of the Tokyo Police, he summoned Mr. Yamaoka to the Metropolitan Police Board. Later, Procurator Hirata visited Mr. Yamaoka's house and the Railways Department, and carried out extensive searches. Thereupon Mr. Yamaoka was detained in the Metropolitan police station. It is alleged that Mr. Yamaoka, when chief of the Purchasing Department, First Section, accepted bribes from the Teikoku Nail Company and coal traders. Mr. Yamaoka holds *Chokunin* rank. He has been a prominent candidate for the directorship of the newly established Hiroshima Railways Bureau.

Japan to Promote Silk Exports to Near East by Means of Subsidies

Subsidies to exporters of silk goods to the countries of the Near East will be paid under the provisions of an extensive plan for the rehabilitation of Japan's sericulture, drawn up by the Ministry of Agriculture and Forestry.

Streamlined Trains Planned by Japanese Railways

Appropriations for the building of several streamlined, light-alloy super-express trains will be sought by the Ministry of Railways when it draws up its 1936-37 budget. These new trains would cut the time required to cover the 1130.5 kilometers separating Tokyo from Shimonoseki in about 13 hours. Present trains require more than 20 hours.

Another Earthquake Rocks Tokyo and Vicinity

A strong earthquake rocked Central Japan at 9.50 o'clock a.m. July 14 but caused little damage. The shocks were felt over a wide area, extending from about 50 miles northeast of Tokyo to points approximately 100 miles west of the capital. Tremors in Tokyo, Maebashi and Mito were classified as "weak," but residents state they were the strongest felt in those cities in recent years. Stronger shocks were felt at Tsukubasan monastery and at Kakioka City, northeast of Tokyo.

Million Persons Flee from Tokyo to Avoid Heat

More than 1,000,000 persons fled from Tokyo, July 21, by boat, train, bus and motor-car as a belated summer heat wave swept over the capital with a vengeance.

Bank of Japan Does Not Seek Popularization of Bonds

Officials of the Bank of Japan July 22 turned down the suggestion made in the press for the offering of the "red ink" bonds to the small investor, on the ground that the latter's funds are already used for the purchase of bonds by private and postal savings banks. Direct sales of bonds to small individual investors would not, in the circumstances, have great effect upon the disposal of the deficit bonds, these officials told *Rengo*.

A Proposal to Use Disbanded Shanghai Bandsmen in Tokyo

Viscount Konoys, leader of new symphony orchestra in Tokyo, has a plan to invite members of the Shanghai municipal orchestra to Japan at Yen 200 per month to organize an orchestra in Tokyo composed of foreigners principally. The members of the disbanded symphony orchestra, however, oppose the move as being against the Japanese spirit.

Japan Strikes at South Africa by Discontinuing Wool Purchases

The Kobe general merchandise dealers' association July 23 decided to discontinue purchases of wool in South Africa in retaliation for the imposition of higher import duties on Japanese goods by the Pretoria Government and the higher prices on wool.

***

Egypt Abrogates Trade Protocol with Japan

Egypt July 18 joined the ranks of several States, which, in recent months, have notified their intention to abrogate their commercial treaties with Japan. In a note handed Tokuji Amagi, consul-general in Alexandria, the Egyptian government announced its intention to abrogate the commercial protocol concluded in 1930 with Japan. The Japanese consul-general attributed the action of the Egyptian government to its desire to put into effect recommendations made by a trade mission which has just returned from a trip to England.

***

Japanese Freighter Boarded By Marshal at Mississippi Port

A deputy marshal at Biloxi, Miss July 17 reportedly boarded the Japanese freighter *Cape Town Maru* in connection with a petition which declared that the vessel was prepaaing to depart with steel rails valued at U.S.$6300 belonging to the Mobile Junk Company without signing a bill of lading for the shipment which is reported to be consigned for Korea.

Japan Was America's Best Customer in First Half of This Year

The United States sold more goods to Japan in the first semester of 1935 than any other nation and more that all Asia combined, according to semi-official compilations made by statisticians of the *Tokyo Asahi*, which were based on official announcements made every ten days and estimates for the last ten days of June. Imports to Japan increased by 28 per cent in that period and exports to the United States increased 21 per cent. In the same period, trade declines were registered with respect to some countries and increases with respect to others.

Japan's purchases from the United States, mostly cotton, totalled Yen 395,041,000 while the purchases from all Asia, including China and Manchukuo, amounted to Yen 387,420,000.

In many areas, Japan's sales improved. Sales of the Philippines increased by 31 per cent while to China and Manchukuo they increased by 38 per cent. Sales to Central and South America amounted to Yen 50,815,000 and the imports Yen 14,395,000.

Exports to Canada with which Japan has been in controversy regarding high tariffs for some time, amounted to but Yen 3,265,000 while imports from Canada totalled Yen 29,037,000.

The grand total, which reveals Japan still has an unfavorable trade balance, shows that imports and exports increased equally on a basis of value, namely, 20 per cent.

U.S. Glassware and Potters Demand Protection Against Japanese Goods

Representatives of the National Association of Manufacturers of Pressed and Blown Glassware, meeting jointly with spokesmen of various workers' unions in the trade, at Atlantic City, N. J., July 20 demanded Government protection against foreign competition, especially that of Japan.

Japanese Army Officers in North China Affected by Recent Reshuffle

As a result of the decision of the Japanese Ministry of War to reshuffle army officers both in Japan and abrord, Colonel Takahashi, Japanese resident officer at Peiping, and Colonel Takahashi Sakai, Chief-of-Staff of the Japanese Forces in North China, will be recalled. Imai, who will succeed Takahashi as resident officer in Peiping, is due in the former Capital shortly to assume his duties. The recent conference of officers called by the Japanese Kwantung Army, at Changchun, it is stated, has some relation to the reshuffle.

Military circles in Tokyo regarded the reshuffle with satisfaction as unifying the control of the Army and obviating future disputes on the matter of policies.

Two Generals and One Division Commander Retired in Japanese Army Changes

Two generals, both members of the Supreme Military Council, highest military institution in Japan and one lieutenant-general, commanding a division, will be retired from active service Aug 1, the Tokyo War Office announed July 22. These changes will be part of the extensive periodical promotions and transfers, which will be gazetted on that day, affecting thousands of Japanese officers of all ranks.

Among those to be retired are: General Taka Hishigari, member of the Supreme Military Council and former Ambassador to Manchukuo and commander of the Japanese Kwantung Army; General Iwane Matsui, member of the Supreme War Council and formerly commander of the Formosan Army, and Lieut.-General Shinji Hata, commandant of the Second Division.

Lieut.-General Yoshijiro Umetsu, commandant of the Japanese forces stationed in North China, has been selected to fill the vacancy created by the removal of Lieut.-Gen. Hata.

With the exception of Lieut.-Gen. Hata's retirement, the movements caused little surprise, having been generally anticipated.

Observers saw a deepening of the rift between Gen. Hayashi and Gen. Jinzaburo Mazaki, former Inspector-General of Military Education, in Lieut.-Gen. Hata's removal.

Lieut.-Gen. Saburo Sato, former Japanese attache in Shanghai, has been appointed to the command of a division stationed in Manchukuo.

Among the officers who have assertedly been "held in the background" and who will on August 1 assume important posts are Lieut.-Col. Sadaki Kagesa, assistant military attache stationed in Shanghai, who will head the Manchurian and Mongolian Affairs Section of the War Ministry.

Major-Gen. Shun Tada, commander of the Fourth Field Artillery Brigade, has been selected to succeed Lieut.-Gen. Umetsu as commander of the Japanese Forces in North China.

Japanese Journal Points Fingers at Alleged Anti-Nipponese Chinese

The Shanghai *Nichi Nichi*, one of the leading Japanese newspapers in China, in a recent issue charged General Yang Eu, commander of the City Defense Force, O. K. Yui, secretary-general of the City Government of Greater Shanghai, and Wu Sing-ya, commissioner of the Social Affairs Bureau, and General Tsai Ching-chung, commissioner of the Public Safety Bureau, as four leaders of anti-Japanese forces in this city. The newspaper did not give the titles and names of the attacked officials in full. Some characters in the officials' titles and names were replaced with circles, but sufficient, according to the Shanghai *Evening Post*, to make the identity clear. The attack against the four officials was based on the alleged removal of a number of officials who are often in contact with Japanese, officially and privately. Among them is Wong Chang-tsuen, special officer attached to the City Government and a returned student from Japan who is popular among Japanese military officers. The newspaper declared that Mr. Wong is sailing for Japan to "escape the devil's hands." O. K. Yui was accused of being of a "anti-Japanese and pro-European and American type," while General Yang Yu is alleged to be one of the "Kuomintang-Anti-Japanese" leaders. General Tsai Ching-chun and Wu Sing-ya were accused of being Shanghai agents of secret political organizations.

Tokyo Journal Says U. S. Navy Program Is Aimed at Japan

The naval construction program of the United States is aimed at domination of the Pacific in order to restrain Japan, despite the disavowals of this by the American naval authorities, the Tokyo *Asahi* asserted in a recent issue in presenting a table of American building figures since 1931. After the conclusion of the Washington naval agreement, this Tokyo paper stated the United States suspended construction, for it relied on its superior ratio. The Manchurian incident stimulated it, however, and an extensive program of naval expansion has resulted, taking form in the Vinson program, which calls for the building of 102 warships. When the trouble on the Continent started, the United States, whose foreign policy was being directed by Secretary of State Henry L. Stimson, wished to interfere with Japan's policy toward China, but the inferiority of its naval strength made this impossible, the *Asahi* claims. Since then it has been giving concentrated attention to expansion of its fleet. This assertion is said to be verified by the naval construction figures for the past five years. The United States has laid down 87 vessels of an aggregate of 337,000 tons since 1931, of which 28 vessels of 135,680 tons have been completed.

Chinese Object to Phone Rate Increase Along Extra Road Areas

The Greater Shanghai Municipal Government, through its Bureau of Public Utilities, has protested to the Shanghai Telephone Company against the latter's recent increase of the telephone rates in the western and northern extra-Settlement road areas, according to the *Kuomin News Agency*. Immediately after the increase was made, the bureau wrote to the Telephone Company to the effect that the extra-Settlement areas being under the jurisdiction of the Greater Shanghai Municipal Government, the telephone rates therein cannot be raised without first obtaining its permission.

The Telephone Company replied that the increase was put in force in accordance with an agreement between the company, on the one hand, and the Municipal Councils of the French Concession and the International Settlement on the other. The Company declined to admit that the increase should be approved by the Greater Shanghai Municipal Government.

The reply is, however, considered unsatisfactoty, and the Bureau of Public Utilities has despatched another communication to the Telephone Company stating, *inter alia :*

"The right of the Shanghai Telephone Company to instal, maintain and operate the telephone service in the extra-Settlement roads in the western and northern districts is derived from the provisional telephone agreement entered into between the Bureau of Public Utilities of the Greater Shanghai Municipal Government and the Shanghai Telephone Administration of the Ministry of Communications, on the one part, and the Shanghai Telephone Company, on the other.

"It is beyond doubt, therefore, that the power to grant the right of operating the telephone service by the Shanghai Telephone Company in the above-mentioned areas is vested in the Greater Shanghai Municipal Government. If, as a result of the refusal of the company to duly comply, the telephone subscribers in the above mentioned areas should suffer thereby, the responsibility must be borne by the company."

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Japan's 4-Year Civil Aviation Plan Will Require Yen 150,000,000

A definite plan for the advancement and expansion of civil aviation in Japan was adopted in a revised form July 12 by the inquiry committee of the aeronautical enterprise commission of the Communications Ministry at Tokyo. The plan covers two phases: The first involving a total appropriation of Yen 150,000,000 over a period of four years and the second an expenditure of Yen 80,000,000 over a period of eight years. The Communications Ministry is expected to demand about Yen 20,000,000 in next year's Budget as part of the first phase of the plan.

The plan as finally approved envisages the following routes:—Osaka-Shikoku line; Osaka-Toyama-Hokuriku-Tokyo; line; Tokyo-Sapporo-Toyohara line to be extended to Okha, Soviet Saghalien; Tokyo-South Seas line, Fukuoka-Taihoku-Singapore line; Tsihoku-Philippines-Borneo-Java line; Hokkaido-Kamchatka line; Tohok (Northeastern) circuit line; Osaka-Matsue North Korea line; Kyushu circuit line; Shikoku circuit line; Island Sea connection line; establishment of 4 airdromes; 30 airdromes to be subsidized (forced landing places and beacons); training of pilots and mechanics; encouragement and control of aircraft manufacture; subsidizing of aeronautical enterprises and installation of aerial wireless facilities.

The second phase of the plan includes the following undertakings:—Transportation by means of dirigibles between Tokyo and New York; encouragement of airship manufacture; establishment of aeronautical experimental station on a large scale; installation of beacons on the Tohoku (northeastern) line; second expansion of the Tukuoka airdrome.

Will Manila Refuse Landing Privilege to Pan-American Airways?

High Post Office Department officials in Washington are stated to be concer ed over the possibility that the Philippine Island Legislature will not grant the Pan-American Airways Company a franchise. In response to inquiries regarding the situation one Washington official recently said that "if the Filipinos make it a policy to refuse flying franchises in their country transpacific air service will be most difficult if not impossible as all plans for a United States-China air service include Manila as one of the principal stopping places.

In a statement issued in New York, July 19, the Pan-American Airways Co. said that it "understood the shortness of the recent session of the Philippine Islands Legislature and the pressure of other important matters had prevented the Legislature from reaching the bill regarding a franchise for air services." The statement said also that the Pan-American Airways had enjoyed the fullest co-operation and encouragement from the Government and business leaders in the Philippine Islands. Further, the company is hopeful, the statement said, that, when the present Legislature reconvenes in September, legislators will have the opportunity to complete their study of the franchise bill and that it will be acted upon favorably at that time to advance the establishment of an air-line service between the United States and the Philippine Islands.

U. S. War Department Asks for More Fighting Planes

The War Department at Washington July 20, asked Congress to appropriate forty million-dollars for the purchase of more than six hundred new combat airplanes, including 175 pursuit planes, 250 bombing planes, and 200 attack ships.

Japanese Aviation Officers Arrives in Peiping

The Vice-President of the Nippon-Manchurian Aviation Association and four officers of the Air Force of the Japanese Kwantung Army arrived at Tientsin by train from Mukden July 20. They called on Lieut.-Gen. Umetsu, Commander-in-chief of the Japanese Forces in North China, and later proceeded to Peiping.

Japanese Construct Military Airdrome on 20-Acre Plot at Kalgan

A military airdrome is under construction at Kalgan by the Japanese authorities in accordance with the terms of the agreement which brought about a settlement of the Chahar incident. The airdrome, which is being constructed on 20 acres of land near the city and close to the Japanese consulate, is expected to be completed in the near future. This land, which is owned by either Chinese or Japanese, was taken over by the Japanese authorities, who propose to pay the owners by three methods. *Reuter* says the Japanese will first offer a reasonable price to owners desiring to sell their land; secondly, they will rent the land from owners not wishing to sell, and thirdly, will request that owners not wishing to either sell, rent or lease their land, "lend them the land."

Two Book Salesmen Who Allegedly Tried to Sell Japanese Air Secrets

The branch office of the Gendarmerie at Asakusa last week examined two book salesmen, charged with having attempted to sell military secrets to two foreign embassies in Tokyo. The alleged secrets were contained in books revealing details of the airworthiness of important military airplanes. The *Kokumin* says that as the investigation proceeded it is feared that the censorship of the Home Office will be found to have been negligent.

The two men are stated to have secured data concerning the airworthiness of a certain airplane kept strictly secret by the Army, all materials of equipment of the machine and photographs from certain sources in July, 1933, and after buying books on aviation at a certain large book-store in Kanda, mixed the military secret matter with clippings from various aviation books and published a book.

Heavy Mortality Among Japanese Army and Navy Fliers

The Tokyo *Nichi Nichi* says that the increasing number of casualties due to air accidents in Japan is attributed to the constant severe air training being engaged in by the Army and Navy ever since the outbreak of the Manchurian Incident with actual war basis as the motto. During the period from January 1 to July 15 this year 20 Army men, 22 Navy men and four civilians, totalling 46, were killed in 31 air accidents. Compared with pre-Manchurian Incident days, the air victims in 1929 numbered 39 combining those of the Army, Navy and civilians, in 1930 18 men, in 1931 43 men. In 1932 the air victims numbered 69, in 1933, 71 men, in 1934, 98 men.

Japanese Aviator Turns Up at Hongkong Two Months After Leaving England

A Japanese aviator named Ano, who hopped off for Tokyo from Heston, Middlesex, on May 12, arrived at Hongkong July 19 from Fort Bayard, in Indo-China. Mr. Ano had been delayed there by an accident when his 'plane, while landing, fatally injured a native woman. His flight has been attended by a series of mishaps, the first of which occurred at Brussels, when he damaged the under-carriage of his machine while landing. He encountered more bad luck at Haiphong, where he was delayed for a considerable period.

Proposed Moscow-San Francisco Flight via North Pole

In connection with the forthcoming flight by Soviet pilot Levanevsky from Moscow to San Francisco via the North Pole, the famous Arctic explorer Stephenson, when interviewed by the Moscow "*Za Industrializatsiu*" correspondent in New York stated, "I have always been in favor of a flight by way of the Pole. A successful flight will mean an end of the era when the Polar Sea was a barrier between the old world and the new. It will be the beginning of an era when the Arctics will be a basic route between the two continents."

Soviet Flyer Killed in Crash

Titov, Soviet electro-technician, was killed on July 20 when he and two other aviators were testing a new airplane which was to have been used for long-distance flights.

China National Aviation Corporation Announces Still Further Improvements

Dai En-ki, vice-president and director of the China National Aviation Corporation, in an interview published in the *China Press* July 20 said the day of antiquated airplanes of small capacity for the commercial airlines of China is a thing of the past and with the advent of a rapidly increasing air-travel conscious population, China's air-lines will soon be on a par with the best in the world. For several years past the China National Aviation Corporation has been struggling to build up an efficient service. Early this year, C.N.A.C. took a forward step and decided to experiment. They bought a 14-passenger Douglas airliner for their Peiping line. It has a cruising speed of about 200 miles per hour. The trip to Peiping in the plane is made in less than six hours, including all stops, enabling the passenger in Shanghai to arrive in Peiping in time for tiffin. Alternately, the slow, sluggish Stinson planes, which carry only 4 passengers, were continued on the Peiping line. The result was that traffic on the Shanghai-Peiping line grew by leaps and bounds. Passing far beyond all expectations, the Douglas plane has been over 80 per cent full on all its flights to Peiping. Usually it is overbooked. The 4-passenger Stimson planes are also filled up and C.N.A.C.'s Peiping line has become one of their most popular services. As a result, C.N.A.C. plans to replace all their old planes with new, speedy, and large models. At present the company is also negotiating to buy several new 10 passenger planes for the Yangtsze line.

Trautmann and Johnson to Present Credentials on September 14 and 17

Dr. Oskar P. Trautmann, German Ambassador designate, and Nelson T. Johnson, American Ambassador designate, will present their credentials to Lin Sen, Chairman of the National Government, on Spetember 14 and 17 respectively, it was announced in Nanking July 22. Lin Sen, who is now spending his summer vacation in Kuling, will return to the capital in time to receive the letters of credence of the German and the American envoys.

Kwang Wha Shareholders Sue Soviet Petroleum Trust

The shareholders of the Kwang Wha Petroleum Co. last week brought a civil action in the First Special District Court in Shanghai against the Union Petroleum Trust of the U.S.S.R.'s export department, 20 Canton Road, asking for cancellation of the contract on the ground that it is inequitable. The plaintiffs allege that a contract was signed in November, 1934, by which the defendants agreed to sell to the plaintiffs a considerable quantity of kerosene oil which would be delivered at stated periods. The contract is alleged to be contrary to the principle of equity because it stipulated that the Kwang Wha should furnish a bank guarantee of U.S.$400,000 and that, should the Kwang Wha Co. fail to take delivery of the oil, it should pay a penalty of U.S.$10 for each ton of oil not taken delivery of. The hearing of the case was adjourned.

The Union Petroleum Trust of the U.S.S.R. thereupon filed a petition with the same court claiming U.S.$100,000 as damages against the Continental Bank, Kiukiang Road, who were alleged to be the guarantors of the Kwang Wha Petroleum Co. The Kwang Wha Co., it was alleged, failed to take delivery of the oil in the first quarter of 1935. The trial of the case commenced July 24.

Strong Attitude Expressed By General Manager in Japan of Rising Sun Company

Mr. Malcolm, general manager of the Rising Sun Petroleum Company for Japan, as the meeting of Kyushu agents recently, prior to returning to the United States is quoted by the *Nichi Nichi* as having said that, if necessary, he was prepared to manipulate the export of crude oil to Japan. This statement, as signifying an oil economic blockade, has created quite a stir in the Japanese circles concerned. The view expressed by Mr. Malcolm is also understood to reflect that of the Standard-Vacuum Oil which has at all times kept pace with the Rising Sun regarding the storage and quota questions. If only the crude oil of the Rising Sun is involved, it concerns merely the supply imported from Borneo but if the two companies should together manipulate the export of crude oil to Japan, the situation would be likely to be serious. This attitude on the part of the Rising Sun is due to the difficulties being raised by the Commerce and Industry Ministry authorities regarding the application filed by the British and American companies in conjunction with the Japanese companies for raising the price of gasoline to 50 sen, as the result of which they have abandoned the intention of carrying out of the obligation to hold in reserve a half-year stock up to September.

"Shell" Transport and Trading Co. Pays Dividend of 12½%

It was announced at the annual general meeting of the "Shell" Transport and Trading Co., Ltd., held last month in London, that the profits available for dividend are just over £1,000,000 more than last year. A dividend of 12½ per cent. free of tax was declared. Referring to the situation in Manchuria, Viscount Bearsted, presiding, said: "It is disappointing that our group, having operated in Manchuria for 30 years, and along with other companies having adequately supplied the requirements of that country at reasonable prices, should now be compelled to retire from it.

***

Japan's Petroleum Act Found in Impasse One Year After Its Enforcement

The following are extracts from an article by "P.D.Q." in the Osaka Mainichi July 18.

One year has elapsed since the Petroleum Act was put into force on July 1, 1934. The outcome, however, is far from satisfactory. For one thing, the legislation has points that are conflicting.

Petroleum is a source of power highly valuable in times of emergency. The petroleum policy constitutes one of the important items in national defense programs. This is especially so in Japan, where the domestic production is not sufficient to satisfy even 10 per cent of the consuming demand. Financial stringency, however, offers a serious obstacle to the carrying out of plans for increasing the supply.

The Petroleum Act is justified, but it has proved ineffective in the face of economic customs and traditions of many years' standing. It is not that the legislation is out of place, nor is it due to the inability of the men operating the law. The idea is unnatural.

The Japanese oil companies are reluctantly preparing to fulfil the requirement, but the foreign companies are not reconciled to it. For about four months since the autumn, last year, important representatives of foreign oil companies conducted negotiations with the Commerce Office, seeking to have the regulations mitigated. Nothing has come of these talks, the government officials having shown an unyielding attitude.

Foreign importers point out that they cannot carry on in view of the fact that the domestic oil supply in Japan is the smallest in

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the world and that the market price is held down to the lowest figure in the world.

The Commerce authorities, in the meantime, are unable to make up their minds to allow a heavy increase in the market price. On the other hand, if they permit the revision of the oil stock obligation from six to three months, this will reflect upon the dignity of the Japanese law. Here is the first difficulty.

Taking all in all, what has to date been accomplished by the Japanese Petroleum Act is far from satisfactory. It remains to be seen whether the legislation will prove valuable in the future. In view of the fact that the oil resources in Japan are limited, there are such problems as the liquefication of coal, development of the Saghalien (North Karafuto) oil fields, and other means of obtaining auxiliary fuel that demand attention. These problems have also close relations with the oil market price. Japan's self-sufficiency in fuel is a question of the utmost importance in regard to national defense and it is for the committee to deal with the various problems now awaiting solution.

6,153 Soviet Citizens Leaves Manchukuo in June

More than 6,000 former Soviet employees of the North Manchuria Railway and members of their families passed through Manchuli during June on their way home, in accordance with the terms for the transfer on the Soviet share on the railway to the Manchukuo ownership, the Department of Communications at Manchuli announced July 27. A total of 14,521 Soviet citizens left the country via Manchuli since July 9, the announcement added.

Okura to Form New Firm in Manchukuo

Formation of a subsidiary concern to engage in trade and industrial activities in Manchukuo and bordering areas has been decided by the Okura Shoji Kaisha, one of Japan's leading firms. While the officials of the company refused to give any information pending the completion of plans, it was learned that the new firm's capitalization will exceed Yen. 10,000,000, and that its head office will be in Hsinking. Especial attention will be devoted by the projected subsidiary firm to the trade in Inner Mongolia, Chahar and Jehol. Officials indicated that the system of bartering Japanese goods for the native products may be adopted.

Japanese Banks Ask Better Treatment for Manchukuo Bonds

Apparently alarmed by the very dull response of the market to the Manchukuo Government's North Manchuria Railway bonds, the Japanese banking syndicate handling the securities has decided to appeal to the Finance Ministry to place the debentures on the footing of Japanese national bonds. At present the Manchukuo securities are treated as foreign, thus preventing the savings banks, the largest purchasers of bonds in the country, to buy them. If the Manchukuo bonds are accorded similar treatment with Japanese national debentures, syndicate officials said, this will remove the legal limitations preventing the savings banks from acquiring the railway bonds.

Vigorous opposition to syndicate's proposal is expected to come from the Finance Ministry, which itself is burdened with the task of disposing of Yen 750,000,000 of budgetary deficit bonds.

Britain May Transfer Kailan Coal Interests to Nippon?

The staff correspondent of the *Osaka Mainichi* telegraphed from Tientsin July 16 a report that the British interests operating the Kailan Colliery at Tangshan along the Peiping-Shanhaikuan railway intend to transfer their interest in the mine to Japan or to work the mine as a Sino-British-Japanese joint enterprise. The Kailan mine, it was stated, has been doing a losing business recently on account of the business depression and the pressure from Fushan and Shansi coal, and the mining company suffered losses of about 400,000 dollars in the mining and other incidental enterprises last year.

In view of the settlement of the situation in North China, the British authorities of the mining company fear that Japan's influence in the zone along the Peiping-Shanhaikuan railway in North China will be greatly extended, and the company will have great difficulty in continuing business.

"The Japanese authorities" the Japanese correspondent continued, "do not see the need of buying the interests of the Kailan Mining Co., but if Chinwangtao is made a central port of North China, as Yin Tung, director of the Peiping-Shanhaikuan railway advocates, the Japanese authorities may consider purchasing the mine, which is closely connected with the port of Chinwangtao."

The Kailan Colliery, located close to Tangshan and Kuyeh stations, extends for 11 kilometers from north to south and 34 kilometers from east to west. The coal deposit is about 13 meters deep on the average, the greatest depth being about 76 meters. The deposit is estimated at 325,000,000 tons, bituminous coal being the principal output.

Previous to the outbreak of the Manchurian emergency the yearly output of coal from the mine was from 3,000,000 to 4,500,000 tons, but in recent years the output has decreased greatly.

Soviets Move to Aid Rights of Co-operatives

The Soviet Central Executive Committee July 20 decided that state enterprise and organizations must return to co-operative organizations capital and construction funds which they are now unduly holding. The decree was made with the idea of strengthening the rights of co-operative property which has frequently fallen victim to the abuse of power on the part of administrators. Moreover, the decree is designed carefully to mark the limits of state and co-operative rights which may be considered as "semi-capitalistic." It was frequently happened that, for example, construction co-operatives have been deprived of buildings which they have erected by large state enterprises.

Two Japanese Deported from Vladivostok By Soviets

Two Japanese members of the Vladivostok branch of the Kokusai Unyu Kaisha, a Japanese forwarding agency, at Vladivostok were deported by the Soviet authorities last week.

U. S. Senate Committee Shelves Silk and Rayon Surtax

The U. S. Senate Committee on Agriculture July 19 shelved a bill providing for the imposition of a surtax on raw silk and rayon. The bill would have been a blow to Japanese imports into the U.S.

Martial Law in Indiana—Violence in Strike Area

Violence broke out in Terre Haute, Ind., July 22 in the area gripped by a general strike called in sympathy with striking enamel workers. As a result, martial law has been declared throughout Vigo County. National Guardsmen tossed tear-gas bombs into the midst of 4,000 pickets.

Gambling Forbidden at Agua Caliente

President of Mexico Cardenas has decreed that gambling at Agua Caliente, the resort near the California border, must cease at once. The closing of the resort has thrown 1,400 persons, many of them Americans, out of work.

Forbes Sees Bright Future For China Trade With United States

An optimistic picture of the potentialities of Chinese-American trade and economic relations was presented to the National Foreign Trade Council in Washington July 17 by W. Cameron Forbes, chairman of the American Economic Mission to the Far-East. Mr. Forbes said that China offered great opportunities for the investment of American capital, notably in the fields of transportation, utilities, mining and industry generally.

"China is ripe for industrialization," he added, although the American silver policy has had a disastrous effect on Chinese business." China, he declared, was a field which now offered, perhaps, more than any other country in the world, very great promise for expanding trade.

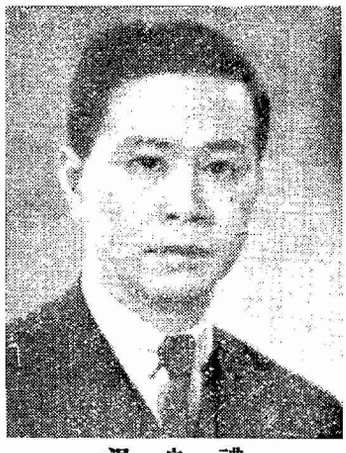
C.P.C. Modifies Regulations on Publications

Press circles in various parts of the China are dissatisfied with the revised Press Law adopted by the Legislative Yuan on July 12. In a petition to the National Government, the Shanghai Press Association urged that the promulgation of the revised Press Law be postponed. It is pointed out that the Law, in its present revised form, is different in many respects from the original draft and is likely to give rise to many practical difficulties.

The Central Political Council at a meeting July 24 adopted a set of regulations concerning the banning of various publications considered detrimental to Sino-foreign relations. According to the regulations, the publications shall be examined in accordance with the Press Law. It is stipulated that publications which give historical accounts of events which actually happened are not subject to restrictions laid down by the Government mandate of July 10 concerning the promotion of Sino-foreign relations. The regulations are not retroactive. Publications published prior to the Government mandate of July 10 therefore are not subject to further examinations.

Who's Who in China

T'ang Leang-li, journalist and author; born in Java, 1901; native of Fukien; studied in London and Vienna Universities; B.Sc. (Econ.) London, Fellow of the Royal Economic Society, 1925; principal correspondent in Europe of the Central Executive Committee of the Kuomintang, 1929; correspondent in China of the *Sozial-demokratischer Pressedienst Deutschlands* (Berlin), *Daily Herald*, *New Leader* (London), *Sin Po* (Batavia) and Peiping correspondent of the *New York Times*, 1930; Managing Director of the China United Press and Editor of *The People's Tribune*, since 1930 (first at Peiping and Tientsin, and subsequently at Shanghai); Adviser to the Waichiaopu 1933; Author of "China in Revolt," London, 1927 (German Edition, Leipzig, 1930); "The Foundation of Modern China," London, 1928 (Malay Edition, Batavia, 1930); "The Inner History of the Chinese Revolution," London and New York, 1930; "Wang Ching-wei: A Political Biography," Tientsin, 1931; Editor of "China's Own Critics" by Hu Shih and Lin Yutang, of "The Chinese National Revolution by Wang Ching-wei and others," Tientsin, 1931, "Labour Movement and Labour Legislation" by Lin Tung-hai, Shanghai 1933 (in the *China United Press Series*); Editor of the *China Today Series* (in English, German, French, etc.) containing (1) "Suppressing Communist Banditry in China," (2) "China's Problems and their Solution" by President Wang Ching-wei, (3) "China in Reconstruction," (4) "The Puppet State of 'Manchukuo'" (Shanghai 1934),(5)"The Chinese Railways" by Cheng Lin, (6) "The New Social Order in China" by Tang Leang-li; Editor and Publisher of *Encyclopaedia of Modern China*, in 2 volumes to be published during 1936-37; address: Post Box 2011, Shanghai; cable address: Cupress, Shanghai.



湯 良 禮
T'ang Leang-Li
(Tang Liang-li)

湯良禮，新聞記者及著作家，福建人，一九〇一年生於爪哇。倫敦及維也納兩大學畢業。倫敦大學經濟學士。一九二五年倫敦皇家經濟學會會員。一九二九年國民黨中央執行委員會駐歐通訊主任。一九三〇年柏林德國社會民主研究會通訊社，倫敦日報，暨新指導報，巴達維亞新報駐華通信員。紐約時報駐平通訊員。自一九三〇年起，任聯華書報社社長及民衆論壇總編輯。（先在北平天津後在上海）。一九三三年任外交部顧問。著作：變遷中之中國（一九二七年在倫敦出版）。（德文本一九三〇年在來比錫出版），現在中國之基礎（一九二八年在倫敦出版），（馬來文本一九三〇年在巴達維亞出版），中國革命之內部原史（一九三〇年在倫敦及紐約出版），汪精衞氏政治傳記（一九三一年在天津出版），編輯：胡適與林語堂兩氏合著之中國自有之評論家（一九三一年在天津出版），汪精衞氏及其他人士撰述之中國國民革命記（一九三一年在天津出版），林東海氏撰著之勞工運動及勞工法規，一九三三年在上海出版（在聯華書報社叢書中）。今日之中國叢書總編輯（英德法等國文字皆有專本）其叢書包括；（一）中國征勦共匪紀事，（二）汪院長撰述之中國之問題及其解決方法，（三）建設中之中國，（四）滿洲僞國（一九三四年在上海出版），（五）鄭廖氏撰著之中國鐵路，（六）湯良禮氏自著之中國之新社會制度等。中國現代英文百科全書之總編輯及發行人。（該書分作兩卷訂於一九三六年至一九三七年間出版）。通信處：上海郵政信箱第二〇一一號・電報掛號：Cupress 上海

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

Men and Events

President Roosevelt July 22 nominated Brigadier-General Charles E. Kilbourne, Commander of Manila Harbor, to be a Major-General.

Dr. C. T. Wang, formerly Minister of Foreign Affairs, returned to Shanghai this week, after a visit to Tsingtao and Peiping.

Roy G. Allman, member of the law firm of Allman and Company, departed last week on a business trip to North China and Manchuria.

Yuan Hsueh-yien, Shanghai newspaper man arrested two months ago with the alleged foreign Communist (Mr. "X") Walden, was sentenced to 15 months imprisonment by the Hupeh High Court at Wuchang July 24.

F. R. Powers and Mrs. Powers will leave Peiping July 28, to sail on the U. S. Navy Transport *Chaumont*, from Chinwangtao to America. Mr. Powers has been the chief pay clerk in the American Legation Guard for the past two years.

Prof. Lorenzo Dow Covington, 73-year-old explorer, who in his younger days served under Sir Robert Hart in the Chinese Customs Navy at Canton, was killed in New York, July 16, when he stepped in front of a speeding automobile.

An annual subsidy of $15,000 will be granted to the Chinese Ratepayers' Association in the French Concession of Shanghai, according to a Executive Yuan order issued July 16 in compliance with the petition of Tu Yueh-sen, chairman of the association.

Mr. and Mrs. Percy Chen returned last week from a trip to Peiping and Tientsin. They are planning shortly to proceed to Europe, traveling by way of Russia. Mr. Chen, who is the son of Eugene Chen, is connected with General Motors Export corporation.

Acting on secret information, the French Municipal Police raided two houses in the Shanghai French Concession July 21 and confiscated 15,000 "red pills," two pounds of narcotic white powder, and various equipment for the manufacture of the pills. Two men were arrested.

Thomas H. Carey, an American citizen, was taken off the Japanese liner *Taiyo Maru* by the Shanghai police, just before it sailed for San Francisco in the night of July 23, on complaint of the Cathay Mansions that he had allegedly absconded without settling the hotel bill of himself and wife for $400.

William Henry Chamberlin, for almost a decade correspondent of the *Christian Science Monitor* in Moscow, has for the past several months been in Japan in the interests of said paper. He has now been given a "roving assignment" in China. He is expected to arrive here next month for a stay of several months.

Seventy Chinese schools established by the Chinese community in Bangkok and other places in Siam have been suppressed and forced to close within the past three years, according to a report received by the local Overseas Chinese Accociation from the Bangkok Chinese recently.

Lin Sen, Chairman of the National Government, indignant over press reports that his adopted son, James Lin, had married Miss Viola Brown, salesgirl at a five and ten-cent store at Columbus, Ohio, telegraphically instructed Dr. Sao-ke Alfred Sze, Chinese Ambassador to the U.S.A., to ask young Mr. Lin to return home immediately.

The depression since 1932 has seriously affected the Shanghai Electric Construction Co. Ltd., (Shanghai Tramways) according to a press interview with its management. Whereas formerly more than $15,000 were collected every day on the various lines, now the daily returns amount to only about $9,000, leaving little profit after payment of expenditures.

Approximately 20 unregistered "mosquito" newspapers have been banned from circulation in the Shanghai International Settlement. Application for instructions regarding the disposition of seized copies of such papers was sent by the Police to the First Special District Court for action July 22. Some of the papers concerned were the "Iron New," "Radio Daily Report," "Robinhood," "Great Daily News," "Dramatic World," "Social News," "Great Crystal," "Hong Pao," "Sweat and Blood," "Modern Daily News," "World News," and the "Great Wall." Copies of these papers were seized from Settlement newstands by the police authorities during the past several weeks as a part of the campaign launched against all unregistered newspapers and other publications in the Settlement.

For the second time in two years Hsiang Yeh-hsing, a wealthy resident of Urga Road, Shanghai, has been kidnapped. He had left his home in his private motor car shortly after 7 a.m. July 20 for the Yee Hsing Lee Temple, off Kung Ho Sing Road, (which was built at his expenses) and which he was in the habit of visiting every morning to pay his respects. Just after his car had been brought to a stop in front of the temple, three men, two of whom brandished guns, appeared. Threatening Mr. Hsiang and his chauffeur with death the gunmen entered the car and, while two seated themselves on either side of Mr. Hsiang, the other took his seat next to the chauffeur and forced him to drive in the direction of Sung Kong Yuen Road. The chauffeur was forcibly ejected when the car reached Chungshan Road, one of the three kidnappers taking over the wheel. No trace of Mr. Hsiang has so far been found.

The Shanghai Bureau of Public Safety has instructed the local Chinese shipping and railway offices not to issue tickets to Russians who are unable to produce registration certificates issued by the Bureau.

Mrs. J. C. McCracken, wife of Dr. McCracken of St. Luke's hospital, returned to Shanghai this week from a vacation trip to the United States. Dr. McCracken, who is still in America, will return to Shanghai in August.

It was revealed in Peiping, July 24 that the tombs of Prince Kung, younger brother of the late Emperor Hsien Feng, and his concubines, had been looted on the night of July 19 by a gang of 200 bandits. Two suspects have been arrested by the police and brought to Peiping for interrogation.

Dr. Alfred Sze, ambassador to Washington, has telegraphed to the national government recommending that the qualifications of Chinese students sent abroad on government scholarships for advanced study be made stricter. It is also suggested that, in order to unify administration, all matters relating to the examination of such students be handled exclusively by the Ministry of Education.

J. G. Wray, formerly chief engineer of the Illinois Bell Telephone Company, has accepted an invitation to serve as the American member on the special committee of four experts appointed to investigate the application of the Shanghai Telephone Company for tariff increase and for permission to apply message rates to business telephones.

L. Jacot-Guillarmod, former chancellor of the Swiss Considate-General in Shanghai, whose present whereabouts are unknown, is accused by the Swiss Government of various "irregularities", including the failure to account for U.S.$35,000, the property of W. H. Green, of the firm of Palmer, Green and Company. His picture and description have been circulated by the Shanghai Municipal Police. He is described as a man of 35 years of age, 5 feet 8 inches in height.

Dr. Philipp de Vargas, professor of history in Yenching University, Peiping, and Miss Dora Demierre, principal of the Ecole Vinet at Lausanne, Switzerland, were to be married in that city on July 25, according to a cabled announcement received by Dr. J. Leighton Stuart, Yenching's president. Miss Demierre was a member of the Yenching faculty, 1923-25, as a teacher of European languages. Dr. de Vergas first came to China in 1913 as a member of the secretarial-training bureau of the national committee of the Y.M.C.A. in Shanghai.

China Motors Open Up New Showroom in Shanghai

The China Motors Fed. Inc., U.S.A. (established since 1914) formally opened their new showroom at 702 Bubbling Well Road in Shanghai on Saturday, July 20. China Motors are agents for Dodge Bros' cars and trucks and Standard cars, models of all of which are on display. One Dodge car has ordered by the Central Bank of China and another by the Shanghai Custom House.

As regards the new Dodge passenger cars, the manufacturers have adopted the principle of streamline, but not so overdone in appearance. Different from last year's practice, Dodge cars have built in a free-wheeling device this year. The back seat has been moved forward and the passengers ride cradled between the axles. The engine is fitted with aluminum alloy pistons with four rings. The dangers of over-choking are elimated by an automatic choke. The new Dodge cars and trucks are better in fuel consumption and stronger in construction than the older models. The manufacturers have produced a new series of trucks which are competitive in price with the lower-class trucks, but are better in quality.

The Standard car also has been improved. The horse-power has been increased from 8.8 to 9.3 This car is very popular with British drivers. It has long been known as one of the most economical of British built cars. Last year, the distributor was on the off-side of the engine, which often result in trouble, due to dampness. This year it has been removed to the middle-top of the engine. This is, of course, a great improvement.

Germany Decides to Dispatch Business Mission to Manchukuo

The *Tokyo Nichi Nichi* published a despatch from Berlin July 17 to the effect that the German Government, in view of the importance of its China trade, has heretofore maintained a comparatively cool attitude toward Manchukuo, but now because the future prospects of the China trade are poor and because Germany needs political rapprochement with Japan, the Nazi Foreign Office circles has adopted the view that Germany should drastically change her attitude economically in the Far East and develop a new field in Manchukuo rather than in China.

Recently it has been decided to dispatch to Manchukuo and Japan an economic mission on a large scale, consisting of the world-famous industrial leaders and capitalists of Germany including those of the Siemens, Krupp and E. G. Dyestuff Company, etc. The mission will also have bankers, traders, etc., divided into several departments. Personnel of the mission will be fixed in detail at the end of the present summer season.

THE GIST OF JAPANESE PRESS OPINION

According to the latest issue of a Chinese paper in Shanghai, the Chinese Communists are renewing their activities with the object of creating a Soviet Republic of China in the region covering the three Provinces of Szechuan, Kansu and Kiangsi. This is a serious menace to China and calls for greater activities of the Government troops.—*Osaka Asahi.*

Gen. Chiang Kai-shek is reported to have decided to end his dual policy towards Japan and to follow a pro-Japanese policy in future.—*Tokyo Yomiuri.*

Both the North China issue and the Shanghai lese majeste case can be considered practically settled, so far as the Sino-Japanese agreement is concerned. The question, however, is whether China will carry out its assurances.—*Tokyo Nichi Nichi.*

China's acceptance of the Japanese demands set forth re the Shanghai lese majeste case brings the trouble to settlement. The Kuomintang must at this opportunity revise its policy and attitude on the Sino-Japanese relations so as to cooperate with the Japanese.—*Tokyo Jiji.*

If the Italo-Ethiopian issue culminates in hostilities, Italy must be regarded as engaging in a most risky gamble. For the war, if protracted, as it would, over years, would easily ruin the Italian finance, and might thus shake up Mussolini's own position.

There is a growing need in Japan for establishing a definite national policy for air administration. A glance over the comparative returns of Japanese and foreign aviation is enough to convince us how far behind Japan is lagging in the matter of aviation. Formulation of a definite policy in this respect is an urgent necessity.—*Osaka Asahi.*

The Government movement for purifying elections is fast spreading all over the country. This tendency must be made the most of for the attainment of the aim in view. But it should be borne in mind that in order to ensure the practical success of the cause, efforts should be made for arousing more popular interest in elections.—*Tokyo Jiji.*

To prevent school students' degeneration, introduction of religious education in schools is suggested. To instil Japanese polity and nationality, however, needs something more emotional than religious education. Religious education ought to be left in the hand of religionists.—*Tokyo Nichi Nichi.*

The relief of local farmers in economic distress seems to have been attained to some extent, and the next question is how to perpetuate the relieved condition. The future policy towards that end ought to attach proper importance to better utilization of land possibilities, industrial guilds and agricultural associations.—*Tokyo Chugai.*

The naval budget for 1936 as drafted by the naval authorities, subject to the Cabinet approval, amounts to Yen712,000,000. This indicates an increase by Yen183,000,000 over the estimates for the current fiscal year. We hope this may not result in a race with America, but only a means to ensure peace.—*Osaka Asahi.*

IN THE FORTIES

Trials of Middle Age.

Every woman upon entering the forties fears the miseries that usually develop at this age. She fears them all the more for their uncertainty. One of the first signs that all is not well is a low-spirited depression; then come violent headaches, heat flushes, back pains, and palpitation.

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In the United States Court for China

In re. Estate of CARL L. SEITZ, Deceased	Cause No. 3911 S. P. No. 1026 NOTICE Filed at Shanghai, China, July 20, 1935. William T. Collins, Clerk L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of CARL L. SEITZ, deceased, to present the same with vouchers to the undersigned on or before January 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

CLAYTON L. SEITZ,
c/o American Asiatic Underwriters.
17 The Bund.

Shanghai, China,
July, 20, 1935.

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New Books of Interest in the Far East

An Intelligent Visitor to China

One's Company. A Journey to China. By Peter Fleming. Published by Jonathan Cape, London and Toronto. 1934. 319 pp. 8s. 6d. net.

Mr. Fleming's account of his trip to China, particularly his journeys close to the border of the late Soviet areas in southern Kiangsi, is undoubtedly one of the best things of the kind ever done. The author writes with intelligence and humor, with frank acknowledgment of his own limited equipment for writing profoundly on Chinese affairs, and with high literary finesse. The book is illustrated with a number of photographs taken by the author.

Fleming opens with a "Warning to the Reader," which it might be well for some other writers to emulate: "The recorded history of Chinese civilization covers a period of four thousand years. The population of China is estimated at 450 millions. China is larger than Europe. The author of this book is twenty-six years old. He has spent, altogether, about seven months in China. He does not speak Chinese." The charming frankness of this opening will delight all honest readers, and prepare them for what Fleming candidly states is "a superficial account of an unsensational journey."

And yet the superficiality is not nearly so great as that of some writers who make a pretence of being profound. Fleming is an intelligent and keen observer, and in his notes on "Red China" he has given the nearest thing to a first-hand account of Communism in Kiangsi which any foreigner has so far produced in book form. He did not actually enter the Soviet districts. (He probably could have done so, but he might had much difficulty in getting out again.) But he traveled to several points along the actual front between the Nanking and the Red Armies in Kiangsi, talked with a wide range of informants—Chinese and foreign officials, Catholic and Protestant missionaries, Communist deserters and renegades, etc.,—and applied judgment and understanding in weeding out wheat from chaff. One or two of his "half-baked conclusions," as he terms them in his foreword, were erroneous, but that was to have been expected. The interesting thing is how often this brief visitor is logical and sound in his observations and conclusions.

Part I of the book deals with "Manchukuo," and starts with a breezy account of the author's journey from England through the Soviet Union to Manchuria. In Moscow he stayed "four days, or nearly twice the length of time considered necessary by those intending to write a book on Modern Russia," but confesses that he has not achieved expertness. The Soviet system in the U.S.S.R. is to him neither a glorious achievement nor a horrible plot, but a most interesting thing which he is glad to observe and whose Customs and other officials (like those of other countries) he is glad to outwit—as the natural enemies of travelers.

One cannot, of course, be wholly without certain ideas of things, unless one is virtually illiterate. Fleming, therefore, in spite of his obviously open and honest mind, has a couple of preconceptions of which no one has evidently taken the trouble to disillusion him. He is under the impression, for instance, that "the rulers of Russia today—the men of real power—have almost all got Jewish blood in them," which is certainly not true today. Also, he has been given to believe that Pu Yi was "most unfairly deprived" of the privileges which had been granted him under the treaty of abdication,—though the treaty would appear to have been cancelled when the "Boy Emperor" re-ascended the Throne in 1917. These little errors, however, do not affect the general trend of the story. With Fleming they are impressions, not obsessions.

In Manchuria Fleming visited Harbin, Changchun and Pu Yi, flew over to Chinchow and Jehol, had a short stay with a missionary family which he describes with kindly humor, accompanied a (quite futile) Japanese "punitive expedition" against bandits, and finally moved on to Peiping (where—strangely enough—he "would not like to live"), and from there south. His travels in Manchuria are well and entertainingly described, but they give nothing new. It is not until he reaches the border of "Red China," which is the title of Part II of the book, that Fleming has something new to give us.

When Fleming reached the anti-Communist front, in the summer of 1933, General Chiang Kai-shek's forces were on the defensive. This was one of the points which impressed the visitor, especially after the years which had been devoted to one military campaign after another against the Reds, and it helped to fix his definite but erroneous conclusion that the Chinese Reds, with "perhaps the most formidable fighting force in China," were not to be dislodged by the National Government's forces. Fleming did not think "that there is in China today even the nucleus of an army capable of clearing the Red Areas in southern Kiangsi." That he was mistaken is due to his having under-estimated the destructive power of the airplane. Chiang's peasant soldiers might be unreliable, but his picked airmen were not, and it was the growth of the air fleet which proved the deciding factor, the Reds evidently having no defense against attacks from the air.

Fleming wholly under-estimated the possible importance of the air fleet, using as an analogy the failure of this weapon—in the hands of the Japanese—to suppress bandits and guerillas in Manchuria: a surprisingly inept analogy, since a police campaign against small roving bands is one thing and a military campaign against an organized, controlled area and military force is something quite different. For the elimination of guerilla bands, the airplane may well prove inadequate; but for the destruction of an organized "Soviet State" and its centers it has shown itself highly effective, and was the determining factor in Chiang's victory over the Reds and destruction of their big Kiangsi base last year.

Fleming, on the basis of his information, declares marriage to have been "abolished" in the Red Areas. This appears to be erroneous. The old form of marriage controlled by the parents, with no free choice by the principals and with divorce surrounded by great difficulties, was indeed abolished in Soviet China (as in Soviet Russia), and this to most conventional Chinese would appear like the abolition of marriage itself. But the principles of freedom of choice in marriage, simple civil registration as an adequate ceremony, and easy divorce, are principles which are not peculiar to the Communists, but are tendencies which may be noted in all modern countries where the emancipation of woman and of youth has progressed. In describing these radical reforms as the "abolition" of marriage, Fleming reminds one of the similar attitude of the Roman Catholic Church. Fleming, however, does not seem to be a Catholic, and it is probable that in this case he has simply accepted without careful analysis some of the things told him.

On still another point, of some importance and interest, his conclusions are disappointingly naive. "The most diligent inquiries in Kiangsi had failed to produce confirmation for this theory" that there were "foreigners working in the Red Areas." "Almost everyone we spoke to—civil and military authorities, renegades and refugees—had heard of the foreigners: had met those who had seen them: could specify their number (which was generally two) and their nationality (which was either German or Russian, more usually the latter): but had not, unfortunately, actually come across them themselves." Which to any sophisticated person, knowing the political and diplomatic issues involved, and the definite aim of certain elements Chinese and foreign to present Chinese Bolshevism as a foreign-controlled movement, would appear to be pretty conclusive evidence that there were no foreigners active in the Chinese Soviet regime. But "from the evidence we had collected I felt convinced that there had been foreigners—probably two Russians—acting as advisors to the Communists..." This amazing *non sequitur* is based upon "the best information—and it was very good information—available in Shanghai!" Probably obtained from British "intelligence" men here, whose competence may be gauged from their inability to distinguish between a Russian Bolshevist and an American liberal, Socialist, or trade unionist—as evidenced intermittently by idiotic but libellous reports emanating from them regarding non-British journalists of liberal tendencies. From Fleming's account, it would seem to be fairly well established that there have been no foreigners working in the Chinese Soviet regime.

Fleming quotes President Wang Ching-wei, who told him in an interview "that he had good reason to believe that the Communists were receiving clandestine support from the Japanese." Regarding this report Fleming is much more critical: "His belief, as I then suspected and now know, was baseless;" in this case he does not tell us how he attained this definite knowledge.

The book, therefore, has its faults, as is to be expected. But it remains an excellent and charming book of travel, and in many ways highly and interestingly informative. Mr. Fleming has of course not injured himself in respectable British eyes by bringing Russians into the Chinese Soviet regime, and by giving the Japanese a clean bill in this connection as in some others. But the success of the book is based mainly upon its real merits. At least one good travel book has appeared about China, and has been highly successful with the reading public.

H. H.

International Relations Committee Issues Brochure on Land Research

The International Relations Committee at Nanking has issued a brochure entitled "The Function of the Commission in Land Research and Planning," compiled by Chen Li-fu, chairman of the Commission. The writer suggests that in the provinces and municipalities where land offices have been established, the land law should be put into effect at once by express order.

Reform in Factory Inspection Regulations Proposed by Ministry of Industries

For the readjustment of factory inspection in various cities, the Central Factory Inspection Bureau under the Ministry of Industries has decided to introduce a number of reforms.

The various provincial and municipal governments will be requested to observe (1) that factory inspectors should be prohibited from holding concurrent posts; (2) that the appointment of factory inspectors should be with the approval of the Ministry of Industries; and (3) that in large industrial centres special factory inspectors authorized by the Ministry of Industries should be engaged.

In order to obtain reliable figures of the number of factories and workers in the country, the Bureau will shortly conduct a thorough investigation in collaboration with various provincial and municipal governments.

Ministry of Industry Makes Survey of Foreign Capital Invested in China

A comprehensive economic survey with a view to ascertaining the position of Chinese industries in the face of foreign competition has been conducted by the Ministry of Industry. The survey determined the total amount of capital invested in China by foreign interests. Data in this connection relative to the United States, Germany, Japan, France and Italy have been collected to date, while compilation of facts concerning other foreign powers having trade in China is still proceeding.

Information has also been sought with regard to total of tonnage of Chinese steamers, total tonnage of foreign steamers operating in Chinese waters, total mileage of railways and the amount of foreign capital held by these railways, total mileage of public highways, total number of automobiles and other vehicles. A comparative study with the status of industries along these lines in foreign countries will also be made.

Shanghai-Ningpo Navigation Line Suffers from Business Depression

For the past two months, the Shanghai-Ningpo steamship navigation line, which is operated by four Chinese steamship companies under a cooperative agreement and which was one of the few lines in China that was able to show a profit during the recent years of depressions, has been suffering from serious business difficulties which are unprecedented since the time of the 1911 Revolution, according to the local shipping circles. At present according to the Shanghai *Shun Pao*, the average freight charges collected from each boat bound for Ningpo are between $200 and $300 and there is practically no cargo except a smally quantity of cotton, on the return trip. In the opinion of the management of these steamship companies there is little hope of revival at present.

Two Hundred Fords Delivered in Tsinan—Will Be Used in Shantung Bus Services

Gen. Han Fu-chu, chairman of the Shantung provincial government, took delivery about a month ago of two hundred Ford truck chassis. The chassis were delivered in Tsinan, the provincial capital, where bodies of various designs are being built for them. Nearly all these Fords will be used for bus service on roads which have been built in all directions in Shantung province. About three thousand miles of new roads have been built in Shantung province within the past few years, connecting not only the provincial cities in the province, but connecting with roads built in adjoining provinces.

CONSIDERED RUDE!

In a letter to a school teacher many years ago a mother wrote,—"Please do not teach our Mary Anne any more about her body or its inside, she does not want to know about that, and besides it is rude."

Such foolish prejudices have fortunately been overcome with the passing of time, and a knowledge of the workings of the body has opened the door to better health. The day is past when one faced the dangers of neglected constipation rather than acknowledge the trouble. Progress too has discovered a laxative far superior to old-fashioned remedies which caused griping pains and violent action harmful to the organs. This laxative is Pinkettes. These tiny pills assist nature in a normal way to maintain daily regularity. They aid the liver, banish biliousness, sick headaches, coated tongue, foul breath, and quickly relieve piles; are obtainable at all chemists.

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War in Abyssinia Draws Nearer---Japan's Interest

WAR between Italy and Abyssinia appears to be only a matter of weeks. Premier Mussolini declared in an interview published in the *Echo de Paris* July 20: "By October there will be 1,000,000 Italians under the flag. So I shall fear nothing from anyone. Virtually the entire nation understands what I wish and why," he added.

Speaking of the League of Nations, Premier Mussolini queried, "Is the League going to prove a Court before which the negro peoples, the backward savages of the world, will drag the great nations who have revolutionized and transformed humanity?"

The *Echo de Paris* considers the attitude of Japan, which is intent on playing the role of protector of colored peoples, as an important factor. In view of her extensive possessions in Asia and Africa, the paper declares, England will however never be content with relinquishing this powerful weapon on propaganda to Japan.

The British (Egyptian) government has sent a million sandbags to Addis Ababa, the Abyssinian Capital, to protect the British Legation there. Sir Sydney Barton, the British Counsul General there, was long stationed in Shanghai as an assessor at the old Mixed Court.

The Italian Government, through its Minister at Addis Ababa, July 18 presented a strong protest to Ethiopia concerning the speech made on Thursday to a parliament of Abyssinian notables by Emperor Haile Selassie I. The Abyssinian ruler declared in his speech that, should a peaceful solution not be found at the last moment, "then Ethiopia, stretching out her hands to God, will struggle to the last man." The Emperor asserted that Italy had lusted to conquer his country for 40 years. He called on his soldiers to follow the example of their warrior ancestors and unite to face the invader. He denounced Signor Mussolini and reiterated Ethiopia's determination to resist invasion.

Scores of Italians, mostly of Slovene and German descent, are daily fleeing from Italy into Yugo-Slavia and Austria to escape army service against Abyssinia.

Japanese Show Sympathy with Abyssinia

A by no means negligible angle to the Italo-Japanese dispute is the interest taken in the affair by the Japanese. Quite a furore was caused in Japan end of last week when Mr. Sugimura, Japanese Ambassador in Rome, was quoted as having stated in an interview with Signor Mussolini that "Japan had no political interest in Abyssinia". The reaction in Tokyo was that a request was made by the Foreign Office to Mr. Sugimura by international wireless telephone to file a complete report of his conversations with Il Duce as Japan wished it understood that she was by no means uninterested in the outcome of the struggle between Italy and Abyssinia.

Mr. Sugimura in an interview in the Rome *Tribuna* July 22 said:—"It is the duty of the Japanese Government to protect our trade interests in Abyssinia. For instance, Japan could not accept discriminatory measures eventually taken against Japanese exports to Abyssinia. Briefly speaking, Japan asks for fair play. Last December, I notified Il Due of Tokyo's intention to create a Legation in Addis Ababa for the double purpose of normalizing our relations with Ethiopia and of watching certain adventures and suspicious interferences with the commercial relations between Abyssinia and Japan."

The Tokyo *Nichi Nichi's* correspondent in Washington July 14 wired that all America is full of anti-Italian sentiment and that millions of negroes in America are agitating against Italy; also that a recent statement by Secretary of State Hull on the Abyssinian question was influenced by the sentiment of the negroes.

This interest of the Japanese in the Abyssinian matter is reflected in the large amount of matter which is printed concerning it in the Japanese newspapers. One of the matters noted at considerable length by correspondents in Rome of Japanese newspapers was the rigid working of the Italian censorship. It was related for example that, in one of the magazines in Rome, Italian writers were upbraided for twisting history in an effort to make comparisons between Mussolini and Julius Caesar. As a result, a number of Italian professors, contributors to the magazine, were sent to prison.

The Tokyo *Nichi Nichi Shimbun*, July 19 commented that from the outset the Japanese Foreign Office attached importance to the Italo-Ethiopian dispute, especially because the dispute was one between the White and colored races and was watching further developments with a serious concern.

Italian Newspapers Violently Attack Japan

The "new" attitude adopted by Japan toward the Abyssinian-Italian dispute was described by the Italian press July 22 as an unprecedented right-about-face. Violently attacking Japan's policy, the Rome *Messaggero* declared that it might be astonishing after the statements of the Japanese Government's intention to remain neutral by Mr. Sugimura, Japanese envoy to Rome, although the new decision is "unsurprising if the Japanese mentality is considered." Continuing, the paper said, "It is useless to seek a reason for the right-about-face and, perhaps, Japanese hostility toward Italy. Ambassador Sugimura obeyed precise instructions from his government who wished to deceive Italy (for unknown motives). The present situation is unequivocal."

Concerning the motives of Japan's interest in Abyssinia's fate, the *Messaggero* expressed the belief that primarily they are of a commercial nature and that, secondly, they are of a more general and of the gravest nature, especially for those who "have not yet lost all sense of the dignity of the white race."

This opinion was based on the Tokyo government's spokesman's statement that "any sympathetic feeling toward Abyssinia should increase Japanese prestige as well as its commercial and political influence on the black and Asiatic peoples."

The paper pointed out the irony of the present Japanese policy in demanding that the Briand-Kellogg pact should be applied to the Italo-Abyssinian dispute when, at the present, Japan's troops are invading Chinese territory.

Announcement was made on Rome July 22 that the Italian Government has suspended the clause providing for a gold coverage of 40 per cent for the country's note issue. The reason for the suspension is given as the urgent need to procure money to make payments abroad. Italy has now abandoned all pretense to being on a gold standard.

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Senator Pittman Says "Bandit Spirit" Is Prevalent in World To-day

Senator Key Pittman, chairman of the U.S. Senate Foreign Relations Committee, July 18, characterized as "discouraging and distressing" the refusal of nations signatory to peace pacts to speak out boldly against other signatories. Such failure, he declared, turned such compacts into "scraps of paper". He then referred to "the bandit spirit" which he declared is increasingly prevalent in the world to-day. Senator Pittman contrasted the United States "good neighbor" policy in Latin America with that of some other countries, and said that the United States was not ready to fight for the fulfillment of the peace treaties; hence, he asserted, America must rely on an adequate army and navy for protection against the ravages of ambitious and expanding nations.

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German Measures Against Jews Now Include Ban on Sex Relations

Additional Anti-Jewish measures were invoked in Germany last week. A characertistic step was an official communique issued July 17 by the Minister of the Interior of Saxony, emphasizing that the Saxonian authorities will not suffer any sex relations between Jews and Aryans. The communique announced that 14 German women and one man had been arrested in Saxony since the end of last year by orders of the Home Office for carrying on love affairs with Jews. As for their Jewish mates those of German nationality were interned in concentration camps while those with foreign passports were expelled from the Reich.

How to Help Your Baby at Teething Time.

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For example, a mother in Toronto writes:—"When my baby was getting his teeth he had a cold, sick stomach, was hot and feverish, couldn't eat and couldn't sleep. I was up for about three weeks with him. I tried everything, but nothing was any good until I tried Baby's Own Tablets. They made him well. I couldn't get along without them now."

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